Austria Sch22	Indonesia Rp3100	
Bahrain Din0.650	Israel NS3.50	
Belgium BFr48	Italy L1600	
Canada C$1.00	Japan Y600	
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $1.25.00	Switz SFr2.20
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rin4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,476 Monday February 29 1988 D 8523 A

Middle East: cries for water in the desert, Page 18

World News

Norway freezes wages and prices

Norway is today due to implement a two-week wage and price freeze. It plans to introduce a permanent law to prohibit increases for wages and prices above 5 per cent.

The Government has won support from Norwegian trade unions for limiting wage increases to a maximum of 5 per cent on price guarantees and curbs for interest rates which have spiralled to 16-17 per cent. Page 2

Paris fire kills 5

A fire angulfed a residential building in south-east Paris leaving five people dead and 10 seriously injured.

Japan poll defeat

Japan's ruling Liberal Democratic Party (LDP) lost a key by-election to a communist in a defeat which could disrupt Government plans for a new tax.

Tutu calls for defiance

Archbishop Desmond Tutu and other religious leaders called for a church-led defiance campaign against the latest South African restrictions imposed on black opposition groups. Neo-Nazis demand independent state, Page 2

Bush ahead in Maine

Aides to George Bush claimed victory for the vice president in Maine's Republican presidential caucuses, as Massachusetts Governor Michael Dukakis took an early lead in the state's Democratic caucuses.

Brazil 'disintegrating'

President Jose Sarney of Brazil said in a published interview that his country was going through "political disintegration" and that his opponents had launched a campaign of hatred against him.

Philippine rebel attack

Communist rebels killed 18 of the Philippine army's elite anti-guerrilla Scout Rangers in the year's bloodiest rebel attack. Page 2

Iran-Iraq accusations

Iraq said its warplanes attacked the Iranian towns of Dezful and Hamadan in retaliation for Iranian bombardment of its border towns. Iran has also threatened reprisals against Iraq for an alleged raid. Earlier story, Page 2

Bomb kills 3 in Dhaka

Bomb explosions in Dhaka killed three people as Bangladeshi opposition protesters set vehicles on fire, an opposition leader said.

Senegal election

Voting in Senegalese presidential elections passed calmly after several days of conflict between rival political groups. President Abdou Diouf looks certain to be re-elected. Page 2

Bulgarian poll choice

Bulgarians went to the polls to elect councils and mayors in the first elections giving voters a choice of more than one candidate.

Vassiliou sworn in

Cypriot President George Vassiliou was sworn in and invited Turkish Prime Minister Turgut Ozal to talks on reunification of the divided island.

Weizsäcker in Africa

West German President Richard von Weizsäcker this week begins a four-nation African tour.

Chinese jobs

About 1,000 people attended the opening of Peking's first city-wide labour market.

Albanian holiday

The first group of 130 Yugoslav tourists arrived in Tirana in what was seen as further indication of Albania's gradual opening to the world.

Business Summary

UK telecom venture to have assets of £400m

NEW UK joint venture telecommunications company being formed by General Electric Company and Plessey will have assets of around £400m ($707m). Page 18

JEAN MANTELET, 87-year-old founder and chairman of Moulinex, the French kitchen appliance group, signed an agreement to hand over control of the company to top management after his death. Page 19

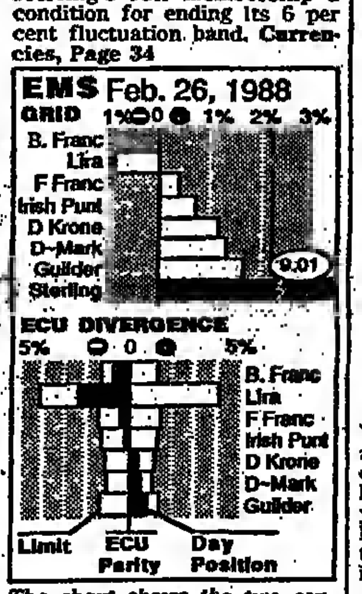
SOVIET UNION and Czechoslovakia have agreed a limited convertibility of their currencies in commercial relations. Page 3

NORWAY'S Government today imposes a two-week preliminary wage and price freeze until a law can be passed banning wage and price rises beyond 5 per cent. Page 2

HONG KONG banks are to resume interest payments on large savings deposits, reducing the likelihood that negative interest rates will be imposed. Page 2

EUROPEAN monetary system: There is no sign of pressure for changes to currency values within the EMS. The dollar has traded steadily this year and money has not been flowing from US currency into the D-Mark. This has kept the D-Mark steady, relieving pressure on other EMS members.

The lira remained bottom of the system last week. The Italian Treasury suggested UK participation in the exchange rate mechanism could lead to a widening of the 2.25 per cent fluctuation band governing most EMS currencies. Italy also made sterling's full membership a condition for ending its 6 per cent fluctuation band. Currencies, Page 34



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move by more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (Ecu), itself derived from a basket of European currencies.

SAGA PETROLEUM, Norwegian independent oil company, saw 1987 profits, before extraordinary items, fall to NKr456m (£40.4m). Page 20

RUO ESTATES HOLDINGS, holding company with interests in tea and coffee in Malawi, saw pre-tax profits fall to £627,232 from £1.4m the year before. Page 23

LEADING LEISURE, leisure, property and security company claiming to be the largest on the Third Market, more than doubled pre-tax profits to £2.4m last year. Page 23

SUTER, industrial conglomerate, is to sell three South African operations for £5m. The businesses were acquired last year through Mitchell Cotts, engineering and tading company. Page 23

AMERICAN Medical International, US hospitals group, has had its cash offer to buy back up to $450m worth of its outstanding Eurobonds delayed by bondholders. Page 19

RAMUS HOLDINGS, USM-quoted wholesale distributor, reported a fall in half-year pre-tax profits to £389,000. Page 23

Hooded Palestinians being held by Israeli troops on the West Bank at the weekend

Shultz peace efforts appear to be faltering

BY TONY WALKER IN CAIRO AND ANDREW WHITLEY IN JERUSALEM

MR GEORGE SHULTZ, US Secretary of State, said yesterday after a meeting with Mr Hosni Mubarak, the Egyptian President, that he remained hopeful about a resumption of peace efforts.

However, there was little optimism about the success of his mission in Middle East capitals.

Mr Shultz's attempt to narrow differences between parties to the Arab/Israel dispute appeared to be faltering because of deep divisions in the Israeli coalition Government over the basis of a possible settlement. Halfway through his shuttle mission, the elusive common ground Mr Shultz is seeking still appears to be missing.

He twice met Mr Yitzhak Shamir, the Israeli Prime Minister, yesterday before and after his talks in Cairo with Mr Mubarak. He also held a morning meeting with Mr Shimon Peres, the Israeli Foreign Minister and Labour leader.

Mr Peres said later on Israeli Radio: "Nothing is dead, nothing is at a dead-end. It is a very complicated issue, and may take time."

Mr Shultz has also encountered strong Arab resistance to his initiative which falls well short of regional demands for discussions on a comprehensive peace in the context of an international conference.

The "Shultz Initiative," details of which have not been published, envisages an accelerated process of Palestinian self-rule in the West Bank and Gaza and a commitment by the protagonists to begin talks on the final status of the territories within a specified time.

After a two-and-a-half hour meeting with Mr Mubarak, Mr Shultz said: "I think I can say we both feel that we have a package that is promising." He added, with a smile in the direction of Dr Esmat Abdel Meguid, Egypt's Foreign Minister, that "at least, we (the US) think that it is promising; but whether anybody else would think it's promising is the question."

Mr Shultz said he was seeking a "comprehensive peace" in the Middle East. "That means that we have to consider all the countries involved. We have to consider security issues, we have to consider the Palestinian people, their aspirations, their legitimate rights..."

He was schednled to fly to Jordan today for a second round of talks with Jordanian officials, before travelling to London on Tuesday for a meeting with King Hussein. He has indicated that he may return to the Middle East after attending

Continued on Page 18

Gatt says world trade set to maintain 4% growth

BY WILLIAM DULLFORCE IN GENEVA

WORLD TRADE, shrugging off any effects of last October's crash on stock markets, grew by 4 per cent in volume last year and is set to expand at least as rapidly this year, says the General Agreement on Tariffs and Trade (Gatt).

Last year's gain was the second strongest annual increase this decade, the organisation says in its latest assessment of trade developments pnblished today. It was powered by a 5 per cent climb in trade in manufactured goods and featured n notable recovery in the exports of the heavily indebted countries.

By value, world merchandise exports increased 15.5 per cent to a record $2,450bn in 1987.

In addition to the larger volume, the gain in value reflects higher dollar prices for oil and some other commodities and the appreciation of major currencies, such as the Yen and the D-Mark, against the dollar.

For the second year West Germany's exports, expressed in dollars, outpaced those of the US by $294bn against $253bn.

Preliminary estimates indicate that world merchandise trade increased faster in volume in the fourth quarter of last year than the average for the first three quarters, the Gatt secretariat states.

This reflects the strength of orders in the pipeline before October. However, Gatt also notes that damage to the confidence of consumers and to investors in plant and equipment appears to have been less severe than was forecast immediately after the stock market crisis.

More importantly, the Gatt economists highlight developments in the second half of last year which point to an underlying strength in world trade.

The initial trade-depressing effects of the large adjustments in exchange rates and oil prices since 1985 hava started to give way to trade-stimnlating impulses.

Companies and countries, such as the US, which benefit from more competitive exchange rates and lower energy prices, responded more slowly than those who were adversely effected. Japanese managements reacted quickly to the stronger Yen and the oil-exporting countries reduced imports sharply in 1986.

Now Gatt finds evidence that this lop-sided reaction is being corrected – notably in the higher export figures and lower trade deficits of the US during the last two months.

Other encouraging signs for Gatt are the improved trade performance of the heavily indebted countries last year and the "increased realism evident in recent deliberations on the debt problem."

Barring either a further major upheaval in financial markets or a serious recession in the US, Gatt believes world trade should grow at least as fast this year as it did in 1987.

Looking for growth, Page 3

Panama faces general strike

BY LIONEL BARBER IN WASHINGTON

GENERAL Manuel Noriega, Panama's military strongman, was last night braced for a series of strikes from today, called by opposition leaders protesting against the dismissal of President Eric Delvalle.

Mr Delvalle remained in hiding in Panama yesterday, but the extent of popular support for a general strike could determine whether the seven-month political crisis in Panama deepens.

The Reagan Administration - which wants the general to step down to make way for a democratic and fully civilian government - has begun diplomatic consultations with other Latin American governments, urging them to back Mr Delvalle.

The Organisation of American States voiced their support when they met in Washington on Saturday night, but passed no resolution to back his struggle to hang on to his post.

The tepid reaction reflects a wait-and-see attitude among Latin American states loath to become embroiled in Panama's domestic crisis.

President Reagan cancelled plans to spend the weekend at Camp David so that he could meet his senior advisers, while US officials said their room for manoeuvre was hampered by the lack of a strong and viable opposition in Panama.

Mr Delvalle's failed attempt to remove General Noriega on Thursday - which prompted the general to have the Panamanian Congress vote the president out of office the next day - did not cause widespread popular protests in the country.

The US has 10,000 troops defending the Panama Canal, which is to be handed over to the Panamanian Government in 2000 under a US-Panama treaty.

The US army's Southern Command is based in the Canal Zone, from where it oversees US military operations throughout Latin America.

Senator David Boren, the Democrat who chairs the Senate Intelligence Committee, said he was prepared to consider a trade embargo on Panama, but urged the US to move cautiously.

Gorbachev promises response to Armenian demands

By Christopher Bobinski in Moscow

MR MIKHAIL GORBACHEV, the Soviet leader, has promised to respond to Armenian demands for re-unification at a meeting in three weeks, giving him a respite from the Soviet Union's most serious regional crisis since he became leader.

Hundreds of thousands of people demonstrated last week in Yerevan, the capital of Armenia, demanding the return of Nuborno-Karabakh, a predominantly Armenian region administered since 1923 by the neighbouring republic of Azerbaijan.

In response to Mr Gorbachev's pledge to consider their demands, the demonstrators agreed to suspend their action until March 25.

Two people are reported to have been killed in disorders in the Agdamsky district of Azerbaijan.

Mr Sergei Grigoryants, a dissident who edits a journal called Glasnost which is outside the official publishing network, briefed journalists yesterday after a two-day visit to the Armenian capital.

He said the demonstrators had disciplined themselves to avoid clashes. He added that airport workers told him 28 planeloads of troops were on standby and he himself saw two planes with armed soldiers on the edge of the runway.

Though Mr Grigoryants said that he saw no troops on the streets, Yerevan residents told him that Armenian police had been disarmed and there were more than the usual number of ethnic Russian police on the streets.

Mr Gorbachev's promise to consider the demonstrators' demands was given to two leading Armenian writers, Ms Silva Kaputikian, a poetess, and Mr Zori Balayan, a literary critic. Both are members of an Armenian national committee elected last Wednesday by the Yerevan demonstrators.

Mr Gorbachev faces a difficult decision. Any concessions made to the Armenians would threaten to encourage similar nationalist claims elsewhere in the Soviet Union.

However, given the strength of feeling in Armenia, failure to accede to the re-unification demand on March 25 would probably produce a repeat of the demonstrations.

Eye-witness accounts, Page 2

Brazil agrees key elements for debt accord

BY ALEXANDER NICOLL IN LONDON

BRAZIL and its leading creditor banks have taken an important step on their remarkably rapid path towards reconciliation by agreeing on key elements of a new loan and debt restructuring accord.

As part of the agreement reached in New York late on Saturday night, Brazil will make a $700m interest payment to banks this week, a much larger amount than had been expected.

The two sides have set $5.8bn as the commercial banks' share of Brazil's financing needs for 1987, 1988 and the first half of 1989. They have also agreed that Brazil will pay interest at ⅞% above money market rates on the new loan and on rescheduled debt, following the precedent set by Mexico last year.

The preliminary accord, which must be followed by further weeks of talks on the remainder of the terms, was announced by Mr Fernando Milliet, Brazil's central bank president, and Mr William Rhodes, the Citibank executive who chairs Brazil's Bank Advisory Committee.

Mr Rhodes said the negotiations so far and the interest payment indicated "significant progress in restoring Brazil's traditionally good relations with its commercial bank creditors."

Brazil's relations with creditors have improved markedly since the appointment last month of Mr Mailson da Nobrega as Finance Minister. He has publicly acknowledged the costs to Brazil of the interest payments halt it declared a year ago.

Though the country has still not formally ended the moratorium, its $700m payment will bring it current on 1988 interest.

Some $3bn of interest still due for 1987 is due to be paid later this year under the terms of an interim agreement reached with banks in November.

The change of attitude by the developing world's largest debtor has been taken as a welcome sign that the five-and-a-half-year-old debt crisis was not deteriorating out of control as many had feared. However, bankers are also aware that any agreement will need backing at home.

Mr Nobrega, a career civil servant, is already running into disputes with fellow ministers about where public spending cuts will fall.

Bankers hope to reach agreement on s full-term sheet for a new loan and debt rescheduling within the next three weeks. This will include a "menu of options" along the model of financing alternatives set by Argentina and other debtors last year.

The $5.8bn new loan amount is subject to reduction depending on the precise terms of the rescheduling agreement. But restoration of lost short-term credit lines should bring the amount to more than $6bn.

However, banks will want the final terms to be conditional on Brazil also reaching an agreement with the International Monetary Fund on an economic programme and standby credit.

Cocoa producers may hold stocks to lift prices

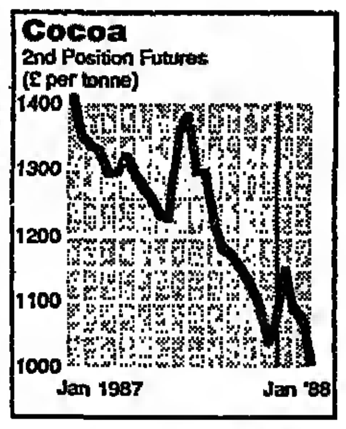
BY DAVID BLACKWELL IN LONDON

COCOA producing countries may hold back their cocoa from the world market in an effort to stop a slide in prices.

The International Cocoa Organisation is likely to introduce the scheme at a crisis meeting in London.

It would involve taking 120,000 tonnes of cocoa off the market by keeping it in storage in the countries of origin, such Brazil and the Ivory Coast.

With world production continuing to outstrip demand, renewed support buying by the organisation's buffer atock manager has failed to halt the fall in prices to historic lows in real terms. The second position futures contract – a benchmark



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CONTENTS

OVERSEAS NEWS

Socialists in France ease state group line

By Paul Betts in Paris

THE FRENCH Socialist party is adopting a cautious and pragmatic approach to nationalisation in its manifesto for the spring presidential election, in sharp contrast to its strong commitment to nationalisation before the last presidential election seven years ago.

But the Socialists, whose undeclared candidate President Francois Mitterrand continues to be well in the lead in the latest opinion polls, warned at the weekend that they would conduct a careful review on the privatisation programme of Mr Jacques Chirac's right-wing government.

Mr Pierre Beregovoy, the former Socialist finance minister, said at a party meeting that the Socialists would especially study the way the government composed the hard-core shareholding groups for the recently-privatised state companies.

Mr Beregovoy, who is likely to play a key role in the event of a Socialist victory this year, accused the government of constituting the hard-core shareholdings, or *noyaux durs*, of the newly privatised companies with groups close to Mr Chirac's neo-Gaullist RPR party.

But Mr Beregovoy also reiterated his party's commitment to a "mixed economic system" in which private initiative and the state are complementary.

He added that the Socialists would adopt a pragmatic approach to privatised companies, claiming that there "will not be a ping-pong match with the privatised banks and industrial groups."

This same pragmatic approach was reflected by Mr Lionel Jospin, the Socialist Party's first secretary, who said: "We must help companies develop; that is, to nationalise when necessary and to privatise if need be."

He added that state-sector groups should also be given greater flexibility or "breathing space" to shed assets when necessary.

Mr Beregovoy proposed that shares held by the state in companies in the competitive sector could be transferred to new independent state holding companies not directly tied to the public administration.

These new independent holding companies would be able to acquire controlling minorities in certain groups as well as exchange assets at a European level.

Mr Beregovoy said the Socialists were not opposed to takeovers which have recently been flourishing in France. But he warned that while the Socialists were clearly not hostile to industrial and commercial mergers, they opposed speculation.

Balladur says no decision on Les Echos bid

BY PAUL BETTS IN PARIS

MR EDOUARD Balladur, the French Finance Minister, said last night he had fundamentally no prejudices against an association between the Financial Times and Les Echos, France's leading business daily newspaper.

However, speaking on French television, he said the Government could not adopt the same attitude towards the sale of a daily newspaper as for other assets. "A newspaper is not a merchandise like any other," he said.

Mr Balladur sparked a controversy last week when he decided to delay giving the green light to the £88m friendly acquisition by the Pearson group, owners of the Financial Times, of Les Echos.

The management and journalists of the French business daily suspended publication of Les Echos for one day in protest against the finance minister's decision, claiming Mr Balladur was stalling because he was opposed to the deal.

Mr Balladur said last night that he had so far not taken a final decision on the acquisition because he needed to know more about the deal. The minister indicated last week that he was delaying a decision because he had reservations on the durable European Community character of the Pearson shareholding structure on account of Mr Rupert Murdoch's 20.5 per cent stake in the British group.

However, Pearson and Les Echos have argued that the Government had no grounds to block the acquisition since 70 per cent of Pearson's shareholders are European.

Mrs Jacqueline Beytout, the controlling owner of Les Echos, accused the Government last week of seeking to delay a decision for political reasons in the run-up to the French presidential election. Moreover, there has been widespread speculation that the Government was trying to favour a French solution for Les Echos rather than see the newspaper sold to n foreign group.

However, Mr Balladur said last night he hoped the Pearson-Les Echos deal would not turn into a political controversy. He added that the Financial Times was "a major economic newspaper" and that an association between the Financial Times and the French newspaper could have "good results".

Gulf war stepped up as Iran bombs southern Iraq in retaliation

BY OUR MIDDLE EAST STAFF

IN A MARKED escalation of the Gulf war, Iranian aircraft yesterday bombed southern Iraq in revenge for attacks the previous day on an oil refinery on the outskirts of Tehran.

This retaliatory raid coincided with Iraqi vows of vengeance for what the official news agency said was shelling by Iran of Basra and Qurneh in southern Iraq, Khanagin in the centre of the country and the town of Qalaat Dizeh in the north. It awakened fears of a renewal of the "war of the cities". Before that was ended by mutual but unofficial agreement early last year, thousands of civilians had been killed in air, artillery and missile attacks by both sides on population centres.

An Iraqi military communique yesterday warned that all Iranian cities would be targets. "The Iranians should not be under the illusion that Iraq would be silent this time, if they shelled its cities and killed its women and children.

"It is imperative now to retaliate violently against these criminal murderers." It added that Iran would be subject to rocket and aircraft attacks for an indefinite time.

A communique from Iran's War Information Headquarters said its aircraft had bombed a petrochemical plant at Basra, oil installations at Abul-Khasib to the south-east and a bridge linking Umm Rasas island in the disputed Shatt al-Arab waterway.

It added that the raids were in retaliation for an Iraqi air raid on Saturday on a "non-military area" in a Tehran suburb, and on the town of Saghez in the north-western province of Azerbaijan which killed 25 civilians and wounded an unspecified number of others. The Iraqi military command, in a statement, denied that its aircraft had attacked Saghez or any civilian areas on Saturday, and called the claim an "insolent arrangement by Iran to cover up its shelling of residential areas in Iraq."

Deborah Hargreaves reports on the latest power stuggle in Chicago's City Hall

Political squabbling heightens in the Windy City

MR HAROLD WASHINGTON, Democratic mayor of Chicago until his sudden death in November, had a familiar gripe about the city: "The only thing people used to know about Chicago was Al Capone . . ."

While Mr Washington's desire to exorcise Capone's ghost was not helped by last year's movie hit The Untouchables, many still associate the place with the more public violence of the 1968 Democratic Party Convention and the near megalomania of one of its previous mayors, Mr Richard "Dictator Dick" Daley.

Now in the middle of a new struggle for power, the city remains a product of Mr Daley's ambitions. Indeed, Mr Washington was often compared with the Boss, who died 12 years ago, leaving a city where neighbourhood neglect rubs elbows with his grandiose vision of a vibrant downtown.

Like Mr Daley, Mr Washington was a political power-house and worked tirelessly to the neglect of his health. Both men died in harness of a heart attack.

But while Mr Daley made his mark for Irish immigrants, Mr Washington was Chicago's first black mayor and shaped its image as a centre for black politics.

Chicago has changed from the days when a succession of immigrants was hustled off the train, first to register to vote and then straight to a job shovelling guts at the city's Union stock yards.

The stock yards, which cast a cloying smell over much of the city's south side, disappeared from their central site in the 1950s.

The steel industry has declined and much of manufacturing industry has moved to the suburbs. Today Chicago is growing as an international financial centre – an image that sits a little uneasily with that of the "city that works".

Mr Daley's imaginative version of town planning sliced up the city with six-lane freeways hemming in the black ghettoes. Mr Washington was seen as a salvation by many in the long-repressed black community; but he did little to solve the school, housing and health problems closest to the heart of minority groups.

He was in no hurry to push through political change and his hands were often tied by a hostile, mainly white opposition majority.

Mr Tim Wright, one of his closest aides, says the problems are not much worse today than they were, it is just that people know more about them.

These problems have been driven into the political arena by neighbourhood and self-help groups that flourished under Mr Washington. "He at least gave us a hearing," says Mr Bernie Novan, spokesman for a parents' group pushing for reform of Chicago's public (municipal) schools. "His predecessors would have laughed in our faces."

The angry parents marched on City Hall in September after teachers went on strike for the ninth time in 20 years. Chicago schools have been described by US Education Secretary Mr William Bennett as the worst in the country. The drop-out rate is 45 per cent.

However, when it came to electing an acting mayor in December, "Harold's people" failed to overwhelm a regrouping of the vestiges of Daley's once-omnipotent Democratic Party "machine" – the old-style, mainly white politicians who invariably oppose the reform faction. This ensured that a quietly spoken black alderman, Mr Eugene Sawyer, gained the post.

Mr Washington swept into City Hall on a split in the white vote in 1983. He constructed a "reform coalition" majority of black, liberal white and Hispanic aldermen, which broke the cohesiveness of the machine. Its influence had already dwindled after Mr Daley's death.

Not surprisingly, Mr Sawyer has had a hard time convincing Mr Washington's supporters that he is as much for reform as they are. He was elected on a majority of white, old-style machine votes. So they have united behind the bland Mr Timothy Evans in the power struggle building up to elections in 1989.

The political squabbling annoys the business community. One investment banker said: "My main concern is the impression that our city council proceedings give to the rest of the country and the rest of the world."

Many business leaders are nostalgic for the Daley era – "if you had his ear, you could get almost anything done." Chicago has long taken a perverse delight in its reputation as corruption capital of the US. Cynics say the city is now corrupt and inefficient; in the Daley years, it was corrupt with a degree of efficiency.

As the council attempts to wrest more tax dollars from businesses to stem the growing budget deficit – set to rise to $350m by 1992 – business people are resisting. So far, they have managed to fend off a range of business taxes, but not the steadily rising property taxes.

A group of businessmen, organised by the city council into a financial planning committee, has urged better housekeeping to avoid another "quick-fix" budget balancing act.

The council is trying to take advantage of congestion in the suburbs to attract industry back into the city by creating a series of industrial parks. This could stem the loss of manufacturing jobs.

While few fail to recognise Chicago's looming financial crisis, the shifting coalitions of recent years have left little political leeway to do anything about it. Chicago politicians are adept at passing the buck to someone else, whether it be Springfield – the state capital – or the White House.

The fact that Mr Washington energised "his people" makes it impossible for them to be ignored any longer. But in the power struggle of Chicago politics, a delicate balance will have to be struck between public spending and taxes if the city's problems are to be addressed.

Sears Towers, the world's tallest building, looms over Chicago

S Africa's neo-Nazis demand independent Afrikaner state

BY JIM JONES IN JOHANNESBURG

HUNDREDS of brown-shirted, armed members of the neo-Nazi Afrikaner Weerstandsbeweging (AWB) descended on Pretoria's Union Buildings at the weekend, demanding an independent Afrikaner state.

The cavalcade of cars decked with the AWB's three-legged swastika insignia through Pretoria's streets was preceded by a meeting of more than 5,000 people cheering AWB leader Eugene Terre'blanche's demands for the Volkstaat or people's state "promised by God".

The rally was the AWB's largest show of strength and came only days before two by-elections which will pit the ruling National Party against the ultra-right Conservative Party.

Mr Terre'blanche and his supporters labelled the Nntional Party government as traitors busy negotiating to hand the country over to communists and blacks. Setting a new fashion, there was a symbolic burning of the African National Congress's green, black and yellow flag.

At this stage in the rise of ultra-right Afriksuerdom, demands for a Volkstaat appear bizarre. The Volkstaat, centred on the Afrikaner's traditional Transvaal and Orange Free State homelands, would be governed by whites alone and exclude blacks - an odd concept, givcu South Africa's racial inter-dependence and white hegemony.

Never the less, its laager symbolism is but one of the appeals to the heart of Afrikanerdom before the next general election in 1989 or 1992.

Later this year, the volk's emotions will be stirred by re-enactments of the Great Trek of 1835-1838 which carried Dutch farmers into the interior, nway from Britain's anti-slavery laws, and which nationalist historians label Afrikanerdom's seminal experience.

The trek's sesquicentenary, like its centenary, will, however, not be a celebration of Afrikanerdom's unity. Rival celebrations are planned by the Conservative and National parties, echoing the rival 1938 re-enactments which helped the National Party to power in 1948.

Before the trek celebrations, the country will also celebrate the 40th anniversary of the National Party's 1948 election win, 10 years of President P.W. Botha's tenure as head of government, and the 75th anniversary of the founding of the South African Police.

Eugene Terre'blanche at a rally in Pretoria yesterday

Senegal set to return Diouf

By Simon Clarke in Dakar

VOTING IN the Senegalese presidential and legislative elections passed calmly in the capital on Sunday, after several days of conflict between rival political groups, students and police in outlying towns.

Troops, armed with canisters of CS gas and machine guns, patrolled Dakar in anticipation of trouble between rival supporters of the two main presidential candidates.

Results in both the legislative and presidential contests – the latter between President Abdou Diouf of the Socialist Party (PS) and Mr Abdoulaye Wade of the Senegalese Democratic Party (PDS) – are expected later today. Both presidential candidates have strong support, although Mr Diouf looks certain to defeat Mr Wade.

The end of the campaign was marked by violent clashes between PDS and PS supporters, students and police in Thies, 40 miles from Dakar.

The elections are the third to be contested under a multi-party system since independence in 1960. Political life was dominated by the late Leopold Senghor until Mr Diouf succeeded him to the presidency in 1981.

Mr Wade has campaigned against both men in the past but polled only 15 per cent of the presidential vote in 1983. He has conducted an efficient campaign this year, but his slogan, *Sopi* (Change), has been mainly taken up by schoolchildren and teenagers. Voting age in Senegal is 21, so Mr Wade could be in a better position to challenge Mr Diouf by the next election in 1993.

Mr Diouf's policies after the election are expected to be in line with World Bank proposals outlined in the Structural Re-adjustment Programme, begun in 1979, which focuses on the promotion of growth through private sector initiative.

It is expected that 10 state companies will be privatised soon, a move announced last year.

HK banks to revive savings interest

BY DAVID DODWELL IN HONG KONG

HONG KONG banks are to resume paying interest on large savings deposits, which further reduces the likelihood that negative interest rates will be imposed in March. It is also a sign that international speculative pressure against the local currency has eased.

The move comes just a week after local banks raised interest rates for the first time in six months, with the prime lending rate up ¼ of a percentage point to 6 per cent.

The Hong Kong Government has come under fierce pressure to revalue the local currency in recent months, mainly from the US and from such competitors as Taiwan and South Korea, which argue that the territory's manufacturers are gaining an unfair trade advantage from the Hong Kong dollar being pegged at what they regard as an artificially low level of HK$7.80 to US$1.

In its attempt to quell speculation, the Government announced in December unprecedented plans to impose charges on substantial Hong Kong dollar deposits held in the territory.

The plan was intended to take effect on March 10, with as yet unspecified charges being levied against all deposits of HK$500,000 or more.

The proposal has caused uproar – not simply from local investors, pension funds, and charities which saw themselves caught in the crossfire – but from the legal profession, which expressed grave doubts about whether the proposal could be enforced.

The mere threat of negative interest rates appears to have succeeded in staunching speculative pressure. Also helping the administration have been trade figures for December that show a 30 per cent leap in US exports to Hong Kong – a development that greatly undermines the force of US accusations of unfair trade advantages stemming from exchange rate levels.

Taiwan and South Korea, where the local currencies have risen substantially against the US unit over the past two years, hnve not shown such dramatic upturns in US export performance.

Trade figures for January, released at the weekend, showed a further slowdown in trade growth, though the trend is still impressive by international comparison. Domestic exports stood at HK$16.48bn – 17.2 per cent above the January figure of HK$14.05bn a year ago. This compares with average growth in 1987 of more than 30 per cent.

Pretoria's death toll in Angola rises

THE OFFICIAL South African death toll has risen to 40 since its latest intervention in the Angoian civil war, Reuter reports from Johannesburg.

Pretoria announced yesterday that two more soldiers had been killed in south-eastern Angola, where heavy fighting has raged around the government base of Cuito Cuanavale.

South African aircraft and long-range artillery have been supporting pro-western Unita rebels against the Angola army, which has Cuban backing.

Pretoria cites the presence of an estimated 40,000 Cubans in Angola to justify its military involvement and refusal to give in to international demands for independence of neighbouring Namibia.

Meanwhile, Cuban President Fidel Castro hinted over the weekend at a possible quick Cuban withdrawal from Angola if Washington and Pretoria stopped backing Unita and cleared the way for Namibia's independence.

"I think that in the near future steps will be taken to overcome the misunderstanding that exists," be said in an interview on US television.

The US announced this month that the principle of a Cuban withdrawal had been accepted at talks between Angolan, US and Cuban officials.

Foreign Minister Mr Pik Botha said Pretoria was ready to attend talks on Angola-Namibia but indicated it first wanted firm assurances of a Cuban withdrawal.

Rebels kill elite troops in Philippines ambush

COMMUNIST rebels killed 13 of the Philippine army's elite anti-guerrilla Scout Rangers at the weekend in the year's bloodiest rebel attack, Reuter reports from Manila.

Rebels blew up an army truck with a battery-operated land-mine in Albay Province, 200 miles south-east of Manila. The military casualties were the highest in a single incident this year.

Colonel Romulo Yap, area chief of staff, said: "All 13 were wiped out. Now we're trying to seal off the villages to prevent the rebels' escape." The attack led to a huge "search and destroy" operation.

It came a week after government troops killed 14 rebels in three encounters in the Bicol region, where many of the villages are known to be rebel strongholds.

The army poured several battalions into the area late last year after rebels blew up bridges and pylons and hijacked a passenger train.

Armenian protests held with 'discipline'

AN ESTIMATED 1m Armenians disciplined themselves to avoid clashes during demonstrations in Yerevan last week and not a single arrest was reported, an eyewitness said in Moscow yesterday, agencies report.

"With a little self-organisation, a million people kept order perfectly. It was an unprecedented week of freedom and democracy for the whole people," independent editor Mr Sergei Grigoryants said.

Mr Grigoryants, who is half-Armenian, spent Friday and Saturday in the Armenian capital before the demonstrators decided to suspend for one month their rallies for the return of the Nagorno-Karabakh region of Azerbaijan.

Foreign correspondents have been barred from visiting Soviet Armenia.

In a speech reprinted on the front page of the Yerevan party newspaper, Kommunist, Mr Gorbachev said the protesters should consider the interests of the entire country.

"It's very important to evaluate one's concerns within the context not only of local conditions, but also with due regard for the revolutionary renewal process taking place in the country," Mr Gorbachev said.

Mr Grigoryants said that during a two-day visit to Yerevan, he learned that ethnic Russians had been brought in to replace the mostly Armenian local militia force and that 28 planeloads of soldiers had been flown into the capital to help keep order.

At one point last week, Mr Grigoryants said, workers at the state broadcasting authority, Gostelradio, threatened to stop all transmissions unless soldiers were withdrawn from broadcast studios. The workers also demanded the right to broadcast reports on the demonstrations. Within a day, the soldiers were pulled out of the studios and reports on the demonstrations appeared on Armenian television, Grigoryants said.

The official news agency Tass and central Soviet television on Saturday tried to calm the population and play down reports of ethnic trouble by taking up the theme of brotherhood. They carried interviews with ethnic Armenians and Azerbaidzhanis saying they live together in harmony and that it was important for everyone to return to their jobs. The media said some workers in Yerevan even showed up voluntarily for work on Sunday, their day off, to make up for time lost while they were away from their jobs demonstrating.

Likening the demonstrations to the sit-in at the Gdansk shipyards in 1980, when Polish trade unionists imposed their own disciplines, Mr Grigoryants said the Yerevan protestors followed the instructions of a small organising committee of respected cultural and scientific figures.

"Whenever people started jostling and there was a risk of losing order, the demonstrators sat down," he said, adding that they abstained from drinking alcohol at the rallies. The region, in the Caucasus Mountains north of Iran and east of Turkey, had traditionally been part of Armenia but the Soviet Government in 1923 brought it under the jurisdiction of Azerbaidzhan. More than 80 percent of the 157,000 residents of Nagorno-Karabakh are Armenian.

The director of the city opera, seeing the size of the crowd in the square below and the streets beyond, reluctantly let speakers use his amplifying system, Mr Grigoryants said.

Protesters carried portraits of Kremlin leader Mr Mikhail Gorbachev and slogans including "Karabakh is the test of perestroika," a reference to Mr Gorbachev's reform drive.

About 100 Afghan war veterans of Armenian origin pledged to give back their medals if Nagorno-Karabakh was not returned to Armenia, Mr Grigoryants said.

Private-car drivers shuttled food to the people too tightly packed in the square and streets to get out and money was collected to finance the organisation of the protests.

The demonstrators accepted a city council request to go home by 11pm and not to return before 10am.

Police did not intervene and even congratulated the demonstrators on the fact that not a single robbery was recorded in the city last week, he said.

"But it was not entirely a festive atmosphere," he added. "There was also the realisation that the situation was dangerous and that's why the demonstrators decided to give the authorities a month to think about the issue."

Strauss rage 'reflects a sense of his dwindling power'

BY DAVID MARSH IN BONN

MR FRANZ Josef Strauss, the Bavarian Prime Minister, has moved on to the attack in what observers believe to be impotent political rage at the bleak realisation that his chances of returning to power in Bonn have probably gone for good.

At the weekend he accused the Bonn coalition government of "falsifying" details of an agreement to levy a controversial withholding tax next year.

A former Defence and Finance Minister and current leader of the Bavarian Christian Social Union, Mr Strauss, 72, is engaged in almost perpetual quarrel with the liberal Free Democratic Party (FDP), the other partners in the federal government coalition with Chancellor Mr Helmut Kohl's Christian Democratic Union.

The Bavarian leader's latest attacks are among his most bitter, partly, it seems, because Mr Strauss' influence on the Bonn coalition is in effect limited these days to his successful lobbying for financial support for the Airbus Industrie airliner consortium of which he is supervisory board chairman.

Mr Strauss has taken issue with what he calls "shoddy work" in preparation for the Bonn coalition's package of tax cuts for 1990. He has accused Mr Gerhard Stoltenberg, the Finance Minister, of trying to push through tax increases "by the back door".

In an interview with the Munich-based Sueddeutsche Zeitung on Friday, Mr Strauss attacked again the decision to levy a controversial withholding tax next year on income received by churches, charities, clubs and foundations whose revenues have been tax free.

Declaring that his credibility as a partner in the coalition government was at stake, Mr Strauss said this facet of the withholding tax was "unacceptable" to the CSU.

He also set out his opposition to the Government's decision announced in January to raise taxes on tobacco and petrol next year to help cut the budget deficit. This was announced without n coalition agreement, he said.

Mr Strauss, long a supporter of atomic energy, has attacked recent statements by the FDP in favour of a gradual move nway from nuclear power.

Mr Strauss has called the FDP's behaviour opportunist and has accused the party of trawling for anti-nuclear votes before state elections in Baden-Wuerttemberg on March 20.

Mr Dieter Schroeder, editor of the Sueddeutsche Zeitung, one of the papers' two journalists who interviewed Mr Strauss, says the attacks also have "a psychological background".

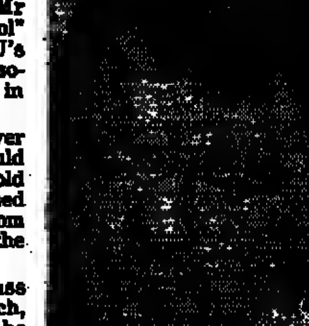
Mr Schroeder says Mr Strauss "hates" both Mr Kohl and Mr Hans-Dietrich Genscher, the long standing FDP Foreign Minister, who holds the only job in Bonn (apart from the Chancellorship) which Mr Strauss would like.

The broadsides directed against Mr Kohl from Bavaria could be of benefit to the opposition Social Democratic Party and the FDP's share of the vote in Baden-Wuerttermberg in March.

Mr Manfred Rommel, the Christian Democrat mayor of Stuttgart, capital of Baden-Wuerttemberg, says Mr Strauss's "lack of self control" has not helped the CDU's efforts to hold on to its absolute majority in the state in March.

Mr Rommel believes that over the long term Mr Strauss could be worried that the CSU's hold over Bavaria may be weakened as a result of competition from ultra-right-wing parties in the state.

As long as Mr Strauss remains in office in Munich, this danger is likely to be slight. But a CSU which must face up at some time in the future to n post-Strauss era may find that holding on to absolute power in Bavaria will be a great deal more difficult without the Bavarian lion.



Franz Josef Strauss: said to 'hate' Kohl

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Turkish move extends aid deal with US

BY JIM BODGENER IN ANKARA

RATIFICATION by Ankara at the weekend of an important side-letter to its 1980 US Defence and Economic Co-operation Agreement (Dece) has stabilised relations between two key Nato allies.

Turkey's President Kenan Evren will go to the US in June for a deferred official state visit.

The side-letter extends Deca for another five years, back-dated to 1985. It reaffirms a pledge by the US Administration to seek every means of fulfilling its proposed annual military and economic aid budget for Turkey.

In recent years, aid allocations have been cut severely by Congressional budget stringency.

Turkey is also unpopular in Congress because of its unmoderated support for the regime in northern Cyprus and for refusing to recognise the alleged genocide of 1.5m Armenians by Ottoman forces during the First World War.

However, Senator Robert Byrd, Senate majority leader, brought assurances a fortnight ago that recent debates on these issues had not gone against Turkey.

To drive home protests about insufficent US assistance, Ankara has tacitly linked increased US military aid with the continued presence of important US military bases.

The medium and long-term future of Deca seemed uncertain when it was not extended in 1985, but continued on an annual basis. The letter was signed by both sides in Washington last spring.

However, the Turkish Government then refused to ratify it.

The economic and military aid package for fiscal 1988, which ends on September 30, totals $525.3m. Levels earlier in the decade were around $800m-$900m annually.

The surprise announcement of the side-letter over the weekend continues a series of foreign policy initiatives in which the government of Prime Minister Mr Turgut Ozal has reached an accommodation in contentious disputes.

EC set to approve Rabat fisheries pact today

BY DAVID BUCHAN IN BRUSSELS

EC FISHERIES ministers are today expected to approve the agreement which the Commission last week reached with Morocco, despite some Portuguese discontent at facing increased Moroccan competition in canned sardines on the EC market.

The agreement, if approved, will allow Spanish and Portuguese boats back into Moroccan waters, from which they have been excluded since January 1 in the absence of an EC-Moroccan arrangement. In the interim, the EC has been paying compensation to the laid-up Iberian fishermen.

The deal is to run for four years and will allow Community boats up to an annual total of 95,000 tonnes of fish in Moroccan waters. This will mean a 10 per cent reduction in fishing activity by Spain, which has some 700 vessels dependent on Moroccan waters for their catch, but it is a smaller cut than Rabat initially demanded.

In return, Morocco is to receive Ecu 70m($48.3m) a year from the EC budget, plus licence fees paid by EC fishermen. The most controversial aspect - certainly for Portugal whose sardine industry plays a relatively large part in its economy - is the increased access for duty-free Moroccan canned sardines to the EC market. This will rise to 17,500 tonnes a year, from 14,000 tonnes at present.

Portugal, under the interim arrangements in its EC accession treaty, is currently permitted to ship up to 6,000 tonnes of canned sardines into the Community of Ten (minus Spain). France is also thought to be somewhat unhappy about Morocco's new market access arrangements but the overall agreement only needs a qualified majority of EC member-states for approval.

The EC ministers are also due to discuss a plan to increase white fish imports to help Community processors, new arrangements for West German and Danish boats in a hitherto disputed area of the Baltic, and Commision plans to limit price supports for tuna.

Moscow, Prague agree currency convertibility

BY LESLIE COLITT IN BERLIN

THE SOVIET Union and Czechoslovakia have agreed a limited convertibility of their currencies in commercial relations - the first members of the Warsaw Pact to take this step.

A forthcoming meeting of Comecon in Prague is expected to recommend the establishment of realistic exchange rates and eventually multilateral convertibility between the currencies of member-nations.

The lack of convertible currencies in Comecon is regarded by the Soviet Union and most of its allies as the main barrier in the way of boosting the low effectiveness of Comecon internal trade.

The Czechoslovak party newspaper Rude Pravo said Czechoslovak and Soviet companies would be able to arrange payments in Czechoslovak koruna and Soviet roubles. Until now trade between Comecon countries was based on the transferable (tr) rouble. However, the tr rouble is a bookkeeping unit and not a currency. Its main drawback is that a Comecon nation with a surplus in tr roubles in trade with one partner cannot use the surplus anywhere else in Comecon.

Rude Pravo said the agreement marked the introduction of "internal convertibility" between the two currencies. Czechoslovakia, it noted, wanted to achieve similar accords with other Comecon members.

The Soviet-Czechoslovak agreement was designed to facilitate dealings between companies in the two countries which established direct relations in the past year.

Moscow has encouraged direct contacts as the first step in a reform of Comecon designed to move co-operation from governmental level down to the company level.

SHIPPING REPORT

Dry cargo market rates strengthen further

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

RATES strengthened further on the dry cargo markets last week and brokers said there was strong evidence that increases would continue on the back of Soviet grain purchases.

Denholm Coates, the London brokers, said the US Gulf to Continent rate settled at $14.30 and the Gulf to Japan rate for 55,000 tons was fixed at $25 for March.

Timecharter rates also strengthened.

In the tanker markets, business slowed further in the Middle East, with few inquiries for tonnage reported and even fewer fixtures.

Brokers said traders were reluctant to commit themselves to purchases because of the continuing downward trend in crude oil prices, and the large volumes of unsold oil afloat off Europe and North America.

Rates fell as a consequence of the low level of interest and the last reported fixtures from the Gulf were for a VLCC to the West at Worldscale 31 and a 220,000 tons deadweight vessel to Korea at Worldscale 36.

The situation in the clean market was similar and a 45,000-ton cargo to Japan was fixed at Worldscale 115. Brokers said prospects were brighter for owners loading in the Red Sea.

WORLD ECONOMIC INDICATORS

RETAIL PRICES (1980=100)

	Dec.'87	Nov.'87	Oct.'87	Dec.'86	% change over previous year
W. Germany	121.3	121.1	121.1	120.1	+1.0
France	168.6	168.7	168.5	163.7	+3.1
Italy	215.7	215.3	214.8	205.1	+5.2
Netherlands	123.2	123.5	123.6	123.0	+0.2
Belgium	144.7	144.7	145.1	142.7	+1.4
United Kingdom	154.5	154.7	153.9	149.0	+3.7
USA	140.2	140.0	139.6	134.3	+4.4
Japan	115.7	115.6	116.2	114.6	+1.0

Source: (except US) Eurostat

William Dullforce on how exchange rates changes showed up in the export figures

Bullish Gatt looks for 4% growth in trade

A REMARKABLE change for the better in the outlook for world trade is recorded, albeit with qualifications, in the latest assessment by the General Agreement on Tarlffa and Trade published today.

Last March, after a depressing analyais of trends in 1986, the Gatt secretariat foresaw a slackening in the growth in the volume of trade to 2.5 per cent in 1987 from the 3.5 per cent annual rates reached in the two preceding years.

In fact, Gatt now reports, trade volume climbed by 4 per cent last year – the second strongest annual gain thia decade.

Moreover, in spite of the upheavai on the stock markets last October, growth was apparently faster in the fourth quarter than it was, on average, for the previous three quarters. Gatt economists now hope for expansion of at least 4 per cent this year.

Twelve months ago Gatt was worried about "one of the poorest performances in three decades" for trade in manufactured goods in 1986. Last year growth in mannfactures, which account for more than two-thirds of total world trade, accelerated to 5 per cent from 8.5 per cent in 1986.

This was the chief element in the unexpectedly strong expanslon in overall trade although agricultural products, with a climb of 4 per cent, had their largest annual advance aince 1981. Poor harvests in some countries led to heavier buying on the world market and bigger flows of food aid last year.

To explain the brightening in the trade picture, the Gatt secretariat focuses on the big variations in exchange rates over the past three years. A year earlier it had argued that the huge imbalances of the big traders – the US, West Germany and Japan – were not declining because they had failed to support exchange rate re-alignments with changes in macro-economic policy.

In the report out today Gatt charts the percentage changes in countries' real exchange rates between 1985 and 1986 against the percentage changes in their export and import volumes between 1986 and 1987. The result is illuminating for the exports, ambiguous for the imports.

Thus, the 1986 depreciation of around 12 per cent in the dollar's exchange rate ls reflected in the 11.5 per cent growth in the volume of US exports in 1987. The decline of 1.5 per cent in Japan's exports last year mlrrors what is in effect an appreciation of more than 20 per cent ln the yen's exchange rate in 1986.

On the other hand, no readily apparent relationahip is revealed between the 1986 exchange rate changes and 1987 import volumes. On the contrary imports by countries with appreciating currencies such as West Germany, Italy and the Netherlands grew less than imports by Britain and Canada, countries with depreciating currencies.

Gatt concludes that, while the level of world demand is the determining influence on export performance, domestic demand is a second key determinant applying to lmport performance. Domestic demand is, of course, greatly influenced by national flscal and monetary policies.

Accordingly, Gatt finds that the trade-stimulating effects of the exchange rate adjustments – and of changes in oil prices – are starting to come through. However,it also repeats its call for governments to adapt their fiscal policies to allow the trade imbalances to be corrected more quickly.

Another encouraging change spotlighted is the modest improvement in the trade performance of 15 heavily-indebted developing countries last year.

Their trade expanded less rapidly than world trade but increases of 10 per cent in exports and 7 per cent in imports represented a turnaround from 1986 when both declined.

Three main factors are cited for this improvement: the increase in oll prices which favoured the oil exporters, especially Mexico; higher metal prices, which ralsed the earnings of countries such ss Chile and Peru; and outstanding growth in exports of manufactures from Brazil and Mexico.

While the 4 per cent increase in the volume of world trade last year, and that forecast for 1988, represent lmprovements over the average 3 per cent annual rise recorded so far this decade, they still fall short of the 5 per cent average for the 1970s and the 8.5 per cent of the 1950s.

Last year, however, the margin by which trade grows faster than production returned to the 1 per cent of the 1970s from the 0.5 per cent average for the first seven years of the current decade.

One yesr does not make a trend but the msrgin is interesting in that it reflects the rate of specialisstion in the world economy and is aiso sensitive to business cycles. lt should widen in boom periods.

GROWTH IN THE VOLUME OF WORLD MERCHANDISE TRADE BY SELECTED COUNTRIES AND ECONOMIC GROUPINGS 1986 and 1987 (Percentage change over preceding year)

	Imports 1986	1987	Exports 1986	1987
United States[1]	11	2½	0	11½
West Germany	6½	5½	1½	3
Japan	12½	7	-1½	-1½
Other developed countries	7½	6	4	4
Hong Kong, S Korea, Singapore, Taiwan[2]	14	22	17	22
Opec	-20	-12	10½	-2

[1] Estimates based on data from US Department of Commerce, Bureau of the Census
[2] Data for Hong Kong and Singapore include a significant amount of re-exports or imports for re-export

Despite the stock markets crash, growth in the last quarter appeared faster than the average for the rest of the year

Gatt pledge sought on farm reform

THE General Agreement on Tariffs and Trade should secure a firm commitment on a framework for long-term agricultural reform when trade ministers meet for their mid-term review of the Uruguay Round of multilateral trade negotiations in Montreal in December. Tim Coone reports from Bariloche, Argentina.

This was a main conclusion of a meeting of agriculture ministers from the Cairns group of non-aligned "free-trade" farm producers which ended in Bariloche at the weekend.

The ministers said the reform framework would involve strengthening Gatt rules "particularly in respect of eliminating both domestic and export subsidies".

Short-term action "should be directly linked to and consistent with long-term reform" in a clear effort to reconcile the differing positions of the US and EC on the issue.

Ministers agreed the mid-term review should also encompass:

- A freeze followed by reductions in global support, production and export subsidies for agriculture in 1989-90.
- Immediate increases in market access opportunities in 1989-90.
- Agreement on management of agricultural surpluses.

Plan to link business with schools

BY RALPH ATKINS AND PHILIP BASSETT, LABOUR EDITOR

GOVERNMENT PLANS for reviving inner cities, intended to be announced next week, will incorporate a important role for private sector finance and copy a US scheme linking business and education.

The programme is expected to include Government schemes but focus on private sector initiatives. It will list projects around the country receiving Government backing in conjunction with private finance.

Details will probably be unveiled on March 7 by Mrs Margaret Thatcher, the Prime Minister, and Mr Kenneth Clarke, who was appointed Minister for Inner Cities last December.

Since the general election last year, Mrs Thatcher has made inner-city policy a priority. However, the programme is unlikely to be a white paper, or policy document, as expected by some, and could encourage criticism that it is lightweight.

Opponents are also likely to question how committed the private sector will be to increasing investment in inner cities when there is little prospect of significant short-term returns.

Part of the plan will be an expansion of a scheme which has been running for more than five years in Boston, Massachussets, called the Boston Compact. It aims to boost employment and training by linking together businesses and schools at local level.

The scheme could have a considerable impact on schools in the UK, allowing them to draw on private-sector finance to fund specific projects, such as computer purchases. A pilot scheme, linking four schools with local employers, is already operating in the East End of London.

Mr Norman Fowler, Employment Secretary, who tomorrow ends a trip to the US studying American employment and training practices, was particularly impressed by the Boston Compact.

Mr Fowler believes the scheme would be of considerable help in trying to solve Britain's inner-city problems. Cities such as Birmingham and Sheffield could be early candidates to take advantage of enabling proposals which the Government would bring forward.

Speaking in Boston, Mr Fowler said the scheme "brings together industry and education in a very creative way." He said the position in Britain, especially on job vacancies, was not dissimilar to that in Boston where the Compact operates.

The Compact idea, he said, had "enormous relevance" to the UK, and said: "I would like to look at it and see if we can take it further forward."

Other private sector schemes that will be brought together in the Government's menu of ideas include:

- "Adopt-a-workshop" schemes, linking established companies with small and young businesses.
- Extending secondment of teachers into industry, including plans for seconding school and college governors.
- Backing for inner-city sports and arts activities.

The programme, thought to be titled Action for Cities, combines schemes from the Home Office and the Departments of Trade and Industry, Employment, Education and Environment.

It will be the first significant statement of government policy on inner cities since Mr Clarke took on his role of co-ordinating departments and presentation.

Philip Bassett reports on British interest in a scheme to link employers and schools

Bringing a Boston 'miracle' back home

IF, as looks likely, the British Government intends to take a further major employment initiative and propose a new partnership between business and schools, then it seems clear that the model will be the Boston Compact scheme in Massachussets.

The parallels with Britain are far from exact. Massachussets is a booming economy with the second-lowest unemployement of any US state. Its governor, Mr Michael Dukakis, seeking the Democratic presidential nomination, makes an electioneering promise to extend the "Massachussets miracle" nationwide.

Boston itself is particularly successful. Its universities of MIT and Harvard have helped draw a number of high-tech companies to the city, clustering along Route 195 – its version of California's Silicon Valley, or Britain's M4 corridor. Unemployment there is currently running at 3.4 per cent.

Yet when the Compact began in September 1982 – the culmination of 10 years' closer co-operation between business and the public (state) schools – unemployment stood at more than 9 per cent, roughly Britain's level.

Other programmes, particularly its Employment and Training Choices (ET) scheme – non-compulsory workfare – have been instrumental in helping reduce unemployment, but Boston leaders see the Compact as vital in making sure labour supply matches the needs of local companies in both quality and quantity.

The most tangible evidence of what the Compact idea can achieve is the Taft middle school in the Boston suburb of Brighton. The school building is Boston's oldest in use in its education system, and a decade ago, its 500-strong pupil total matched the building's tattered condition

With a third of the pupils black, a third Hispanic, and, collectively, a parental average income the fourth from the bottom of all Boston's 120 schools, Taft was a regularly-sparking tinderbox.

Now, however, under the hand of its dynamic principal for the past 10 years, Mr Michael Fong, the transformation is startling. In each classroom, young people sit at banks of IBM PCs, hands flying over the keyboards, as they master and deploy computing skills – including typing, as a word-processing exercise, a piece praising the importance of the work ethic.

Through its Compact link with IBM, Taft has more than $500,000-worth of computer hardware, to which Mr Fong has added computers from Apple and Rank Xerox, for what is now a showpiece school to which parents are now fighting to send their children. All pupils have a minimum of 45 minutes hands-on computer time every day.

Five or six miles away, pupils at the Mario Umana High School in east Boston go straight into the labour market.

Perched on the edge of Boston harbour, and looking inside like a British provincial arts centre, Mario Umana is an inner-city school with closer parallels on the surface with British comprehensives.

Like Taft, it had problems of disorder, lateness, absence and drop-out, and like Taft its new headmaster, Mr Joseph Arangio has determinedly applied firm discipline to try to turn it round.

Umana is linked with Massport, the company which administers the city's airport and docks areas. Mr David Davis, Massport's director, supports the Compact enthusiastically, and has persuaded contracting companies such as Eastern Airlines working out of Logan airport to help too.

Massport has mainly helped with fixtures and fittings: the carpets running throughout the school, which Mr Norman Fowler, the UK Employment Secretary, remarked upon during his visit there, give it a very un-British feeling.

But Boston's low level of unemployment means that even under the Compact's priority hiring system, which requires the company sponsoring a school to recruit from it first, Massport cannot get the employees it needs.

It has taken only three this year from Umana, not because that was all it could take, but because that was all it could get. Half the inner-city school's pupils now go on to higher education.

Even so, Mr Fowler doesn't believe that the Compact idea will only work in areas with low unemployment.

Franchises of 15 TV companies for auction

By Raymond Snoddy

THE GOVERNMENT has decided to auction the franchises of Britain's 15 commercial television companies when the present franchises run out in 1992.

The decision was taken by a Cabinet committee chaired by the Prime Minister, Mrs Margaret Thatcher, earlier this month and the proposal will be included in a policy document on broadcasting to be published in July.

The news will be a severe disappointment to the ITV companies, virtually all of them quoted on the London Stock Exchange, which will now stand a much greater chance of losing their franchises than they have in the past.

At a conference on Friday, Mr Christopher Bland, chairman of LWT (Holdings), the owners of London Weekend Television, warned that none of the five major ITV network companies would survive if the Government pressed ahead with plans to award ITV franchises to the highest bidder.

"It would be a cruel and unreasonable punishment and a wholly inappropriate means of making that decision, not used in any other form of commercial activity," Mr Bland said before the decision was announced.

At present, the Independent Broadcasting Authority awards regional television franchises to companies according to financial soundness, programme plans and, if they already hold a franchise, their track record.

The current eight-year franchises were due to run out in 1989, but the Government decided on a three-year extension to give adequate time to discuss the findings of the Peacock Report into the future financing of British broadcasting.

By a 4-3 majority, the report recommended that future ITV franchises should be awarded by competitive tender.

As suggested by the Peacock Committee the Government now envisages a two-stage process. Companies judged fit to hold an ITV franchise by the IBA and who meet European Community nationality requirements, will go into a final round when the franchise may go to the highest bidder.

A final decision has not yet been taken on the form of bidding but last month Mr Douglas Hurd, the Home Secretary, announced that three proposed national commercial radio channels would go to the highest bidder after an initial qualifying round.

One possibility being considered by ministers is that the applicants will be free to choose their own form of bidding – either in straight cash or in percentage of future advertising revenue.

The auction decision is the first of a series of policy choices, leading to a major broadcasting bill expected to come before the House of Commons in autumn 1989.

Other significant decisions which will shape the future of British broadcasting well into the next century include the structure of Channel 4 and the possibility of allowing new television channels.

The Government is moving towards a decision that Channel 4's advertising time should be sold competitively against that of ITV.

The creation of a fifth television channel, which could be received by up to 70 per cent of the UK population, is still considered likely but it is not clear whether it would provide general entertainment funded by advertising or be a film channel funded by subscription.

BRITISH AIRWAYS' FIRST AIRBUS A320 COMPLETED

Ashley Ashwood

British Airways's first Airbus A320 leaves the paint shop at Toulouse in France, yesterday. The first of 10 originally ordered by BCal before it merged with BA last December, the aircraft will be the first product from the European consortium to be operated by BA

Government warned on lack of funds for medical training

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

MEDICAL education and research will deteriorate rapidly because of a shortage of funds unless the Government tackles the problem in its health service review, leaders of the profession have warned Mr John Moore, Social Services Secretary.

The Academic Medicine Group, representing leading figures in medical education and charities, told Mr Moore in a letter that traditional high standards of training and research could no longer be taken for granted.

"Academic medicine has suffered severely in the past decade and the National Health Service is, itself, now facing funding difficulties," says the letter.

"We have to say that it can no longer be assumed that standards of training and research can be maintained at the levels which we have known hitherto."

The letter is the latest reflection of high-level concern in universities and teaching hospitals that financial pressures are seriously undermining the international status and reputation of British medical education and research.

It is signed on behalf of the Academic Medicine Group by Sir Christopher Booth, director of the Medical Research Council clinical research centre; Sir Raymond Hoffenberg, president of the Royal College of Physicians; Sir Maurice Shock, rector of Lincoln College, Oxford, and a former chairman of the Committee of Vice-Chancellors and Principals; and Sir David Weatherall, Nuffield Professor of Clinical Medicine at Oxford University.

The group welcomes the review of the NHS now being conducted by the Government and says it appreciates the need for a spur for good management and cost-effectiveness.

However, it is concerned that the review might be "too narrowly focused on the immediate delivery of care in the health service, and pay insufficient attention to the training and research on which the NHS depends."

High standards of clinical care depend on the quality of training and research, it says. If major changes are imminent, it should be recognised that decisions taken now will go far to determine clinical standards in 20 or 30 years.

"Until recently the NHS has provided an admirable environment which has enabled the university medical schools largely to undertake the basic tasks of training of doctors and of research. That symbiosis is now under great strain."

The group says it would welcome the opportunity of discussing with Mr Moore the need to give training and research a high place on the agenda in the Government's NHS review.

The Association of Clinical Professors of Medicine has corporately complained of funding for medical research through both the University Grants Committee and the NHS being "relentlessly" run down in real terms."

Background, page 6

Government can afford £3.5bn tax cuts in budget, review says

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

MR NIGEL LAWSON, the Chancellor of the Exchequer, could announce tax cuts of £3.5bn in next month's Budget and still claim to be sticking to a cautious economic strategy, the London Business School says today.

In its latest economic review, the LBS, which takes a similar view to the Treasury on how the economy works, says tax cuts on that scale would allow the Government to keep the public sector borrowing requirement (PSBR) in surplus.

The buoyancy of government revenues might also encourage Mr Lawson to recast his medium-term objectives for the appropriate level of borrowing. Last year the Chancellor said the aim was to hold the public borrowing to around 1 per cent of national income – equivalent to a deficit of around £4.5bn a year.

With the expectation of a surplus rather than a deficit for this year and next, Mr Lawson might choose to keep the 1 per cent guideline, but include in the borrowing calculation the £5bn received each year from privatisation.

That would imply a medium-term target for the PSBR showing an annual surplus of about £0.5bn, although the outcome in the current financial year could be much better.

In its review of the economic outlook, the LBS says that Government policy over the next year should be directed to restraining domestic demand in the economy to limit the deterioration in Britain's overseas trade position.

On present trends, it forecasts a current account deficit of £4.1bn in 1988, up from £2.4bn last year, widening to £5bn in 1989. Tax cuts totalling more than £3.5bn would result in a more rapid deterioration, with each extra £1bn reduction in income tax cuts leading to an almost equivalent rise in the current account gap.

Unusually, the Business School's overall forecast is similar to that published by the National Institute of Economic and Social Research, a rival forecasting group which has tended in the past to be much more pessimistic.

Their joint concern about the outlook for the trade position is likely to intensify pressure on Mr Lawson to adopt a cautious approach to tax cuts.

Details, page 8

Sun Alliance faces union dispute

BY JIMMY BURNS, LABOUR STAFF

THE SUN Alliance insurance group could face industrial action because of its refusal to grant recognition rights to the Banking Insurance and Finance Union (Bifu).

The union announced at the weekend that it planned to organise a series of local ballots in support of a rolling campaign of industrial action, including a series of one-day strikes and overtime bans.

The union has been in growing conflict over the issue of union recognition since Sun Alliance acquired Phoenix Assurance in August 1984, where Bifu had sole recognition rights for 3,900 staff.

Early in 1986 Sun Alliance said it was prepared to give sole bargaining rights to the white-collar union ASTMS and withdrew recognition rights from Bifu.

Recently the two unions signed an agreement to end their long-running inter-union dispute. However, Bifu said yesterday the company was refusing to negotiate with either union, and had chosen instead to recognise the newly-created TUC Sun Alliance Staff Union.

APPOINTMENTS

BATCo chairman

BAT INDUSTRIES, the tobacco to financial services conglomerate, has appointed **Mr Barry Bramley** as chairman of the British–American Tobacco Company (BATCo) which is responsible for the group's worldwide tobacco interests outside the US, West Germany and Australia. Mr Bramley is currently a director of Batus Inc, which is responsible for the group's interests in the US. As chairman of BATCo he replaces **Mr Eric Bruell**, who will join the chairman's policy committee of BAT Industries. **Mr Hank Frigon**, chief executive officer of Batus, and a US citizen, has been appointed to the BAT board.

*

JAMES WILKES, Sheffield, has appointed **Mr Stephen Hinchliffe** as chairman, **Mr Arthur Watt** as chief executive, and **Mr Andrew Hartley** as planning director.

*

CITY LINK TRANSPORT HOLDINGS has appointed **Mr David Kennard**, sales and national accounts, and **Mr Ian Thomas**, corporate development, as joint deputy managing directors. Five regional directors have been appointed: **Mr Terence Deadman, Mr Peter Phillips, Mr David Ross, Mr David Stoves** and **Mr Geoffrey Taberner.**

*

The board of the newly-constituted ST KATHERINE INSURANCE COMPANY is: **Mr Douglas Leatherdale**, chairman; **Mr Vartkis Boghos**, managing director and chief executive; **Mr G. Ayres, Mr C.A. Bone, Mr L.E. Lainson, Mr N.J. Moore, Mr J.P. White,** and **Mr J.S.H. McLaren**, company secretary.

*

Mr Donald Brydon, a director of Barclays de Zoete Wedd Investment Management, has been appointed chairman of the investment committee of the NATIONAL ASSOCIATION OF PENSION FUNDS.

*

Miss Haruko Fukuda has been appointed to the board of THE FOREIGN AND COLONIAL INVESTMENT TRUST. She is a senior executive of James Capel & Co.

*

ANALOG SUPPLIES has appointed **Mr John Dalton-Banks** as chairman, and **Mr Nigel Blyth** as sales director. Mr Blyth was national sales manager for Olivetti Supplies.

*

Mr Charles Lindsell will be joining the board of MIDLAND MONTAGU ASSET MANAGEMENT on March 21 as deputy managing director responsible for developing UK pension fund business. He joins from Henderson Administration, where he is joint deputy managing director of Henderson Pension Fund Management.

*

Mr Charles Dobson has joined the MAYFLOWER GROUP as a director of Sterling Brokers. He was a director of Butler Till.

*

Mr Jim Murphy has been appointed sales director of L.NOEL & SONS, Oswaldtwistle. He was sales manager.

*

Mr Ronald R. Bennie has been appointed to the board of TEXAS EASTERN NORTH SEA, INC., UK subsidiary of Texas Eastern Corporation, US. Mr Bennie retired from the board of National Westminster Bank Group last year, and remains on NatWest's City & West End regional board.

*

Mr Chris Dickens has been appointed sales director at BRITISH SATELLITE BROADCASTING. He is worldwide media director at Young & Rubicam in New York. He will be responsible for setting up the media sales department and for developing the BSB ratecard.

*

From March 1 **Mr D.A. Fischel**, company secretary, becomes finance director of TRANSATLANTIC HOLDINGS, and **Miss K.A. Hutchinson** is appointed company secretary.

*

Mr John R. Batten has been appointed director, card services, at FINITE GROUP, Milton Keynes. He was senior manager - card products division, Midland Bank.

*

Mr Bill Morgan, a senior manager with Coopers & Lybrand, has been appointed an executive member of the CITY TAKE-OVER PANEL. He has been seconded for 18 months.

*

EAGLE STAR TRUST COMPANY has appointed **Mr Alan Crowe** as chairman in succession to **Mr John Duckworth** who has retired. Mr Crowe has been a member of the board for four years.

*

TROLLOPE & COLLS CONSTRUCTION, a Trafalgar House company, has promoted **Mr John Lorimer** and **Mr Dave Shadwell** to associate director.

*

Mr Mel Hague, at present director of operations at the London Docklands Development Corporation, becomes chief executive of the LONDON ARENA on June 30.

Pension schemes warned self-investment 'unwise'

BY BARRY RILEY

CORPORATE pension schemes which insist on investing in their companies' shares are to be asked by the National Association of Pension Funds to submit to a code of best practice.

The NAPF has stopped short of asking its member schemes to abandon self-investment, although it believes that the practice is best avoided. Self-investment is not common, but there are some prominent examples, notably Lucas Industries, where three group schemes own 14.6 per cent of the ordinary shares.

The practice has been investigated by a working party set up by the NAPF. Tentative conclusions are to be circulated to interested parties in the next week or two.

It is understood that the working party will set out several reasons why self-investment is in general unwise. There can be conflicts of interest between the company and the fund and there are likely to be problems in exercising voting rights. Dealings by the fund in the company's shares could also give the wrong signals to the market place.

Member schemes are to be told that if they insist on self-investment they should only do so under controlled conditions. Independent advice should be sought and there should also be full disclosure of the relevant shareholdings.

The NAPF working party also suggests that an agreed voting policy needs to be decided and there should be a long-term strategy for the future of any holding.

The NAPF says its policy in such controversial matters is to establish general principles while emphasising that responsibility rests with each individual fund.

Housing bill 'will hit homeless'

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S housing bill, published today, will make matters worse for Britain's homeless, according to both public and private sector organisations.

They accuse the Government of being wrong in its analysis of trends and say its proposals are "flawed" by an anti-local authority philosophy.

The report, A Future For Rented Housing, published at the start of National Housing Week, comes from the National Housing Forum comprising bodies in the public and private sectors brought together to discuss the Government's proposals.

It says the package will do little for those households facing the worst housing circumstances and in most need. The proposals will, "in the medium term, actually harm the housing opportunities of homeless people and the most disadvantaged groups in society."

The bill, it says, is unlikely to attract significant investment into the private rented sector or lead to growth in good quality accommodation for three reasons:

● A lack of demand for renting private accommodation.

● Little confidence that housing benefit will rise to levels necessary to pay for higher rents.

● Private investors lacking confidence to invest in a market dependent on housing benefit.

Clinical research unit given £6m grant

By David Fishlock, Science Editor

THE MEDICAL Research Council is to make a £6m, 15-year commitment to set up an Oxford biochemical and clinical magnetic resonance research unit.

It will be directed by Professor George Radda, British Heart Foundation professor of molecular cardiology at Oxford University.

Prof Radda said the long-term commitment guaranteed his research programme in nuclear magnetic resonance, the new medical imaging process, until his retirement.

His research is into the performance of living cells and how this may be disturbed by disease and genetic disorders.

His unit, in the grounds of the John Radcliffe Hospital, is to be relocated with a medical imaging centre planned by the area health authority.

With the help of other sources of funding, including the British Heart Foundation, Prof Radda has built up a team of 40 spending more than £1m a year.

Alan Pike on the twin cash constraints affecting doctors' training

Medical schools fear the cuts

LEADING figures in Britain's medical schools are voicing increasing anxiety over being trapped between the financial problems of the National Health Service and equally strong spending constraints in the universities.

A warning to Mr John Moore, Social Services Secretary, from the Academic Medicine Group that standards of medical training and research could face "quite rapid deterioration" is only the latest of a number of recent danger signals.

The Association of Clinical Professors of Medicine, which has some 150 members, spoke of a lack of hope for the future and its "increasing alarm at the speed at which our country's medical research prestige and achievements have been run down."

Britain, the association told the House of Lords Science and Technology Committee, was no longer seen by many overseas postgraduate doctors as a good place to train. "This is not only because our National Health Service hospitals are so grossly underfunded. It is also because our medical science is now perceived at such a low ebb."

And in evidence to the Commons Social Services Committee, which is investigating NHS funding, the Committee of Vice-Chancellors and Principals said: "NHS budgetary constraints are leading to the closing of beds – to an alarming extent in some areas – a reduction of consultants' theatre sessions and a faster throughput of patients.

"More patients being treated faster, in fewer hospital beds, is having an increasingly serious effect on the quantity and quality of clinical teaching in many areas which will have a consequential effect on the NHS's future doctors."

There is a strong relationship between the university medical schools and the NHS, and the schools are affected by both health service and University Grants Committee funding decisions.

"The fact that the NHS has generally worked well is the result of training and research which took place years ago," said Sir Raymond Hoffenberg, president of the Royal College of Physicians and one of the signatories of the letter to Mr Moore. "There are now grounds for concern that we are not providing the same base of training and research for the future."

According to the Committee of Vice-Chancellors and Principals, cuts in UGC funding resulted in a loss of 551 university-financed clinical academic staff between 1980-81 and 1986-87. This was 21 per cent of the total, and other non-clinical scientific posts have also been lost. The number of medical students changed little.

To maintain standards of patient care and medical education, said the vice-chancellors, research staff had been cut.

They believed funding pressure within the health service had reduced the contribution which NHS staff were able to make to medical education. Problems had been aggravated by lack of money to replace equipment.

The Committee of Vice-Chancellors and Principals estimated about £75m was needed to re-equip the nation's medical schools.

In terms of numbers, the reduction in UGC-funded academic staff has been more than made up by short-term contract staff financed by medical charities, the pharmaceutical industry and other outside sources.

But the Committee of Vice-Chancellors and Principals said these staff, mainly funded for research purposes, "cannot provide an adequate substitute for public expenditure for patients' care and medical education."

The Association of Clinical Professors of Medicine also said there were dangers in medical schools devoting too much time and effort to liaising with industry and trying out new products. This meant less research into areas of diagnosis and treatment which were not based on medication.

"With rare exceptions, pharmaceutical companies do not significantly support basic research in university departments."

Reliance on the pharmaceutical industry and medical charities, said the association, had changed the pattern of activity in university medical departments, with priority being given to research projects "which are not necessarily the most promising academically, and which are not necessarily in the best interests of the health service."

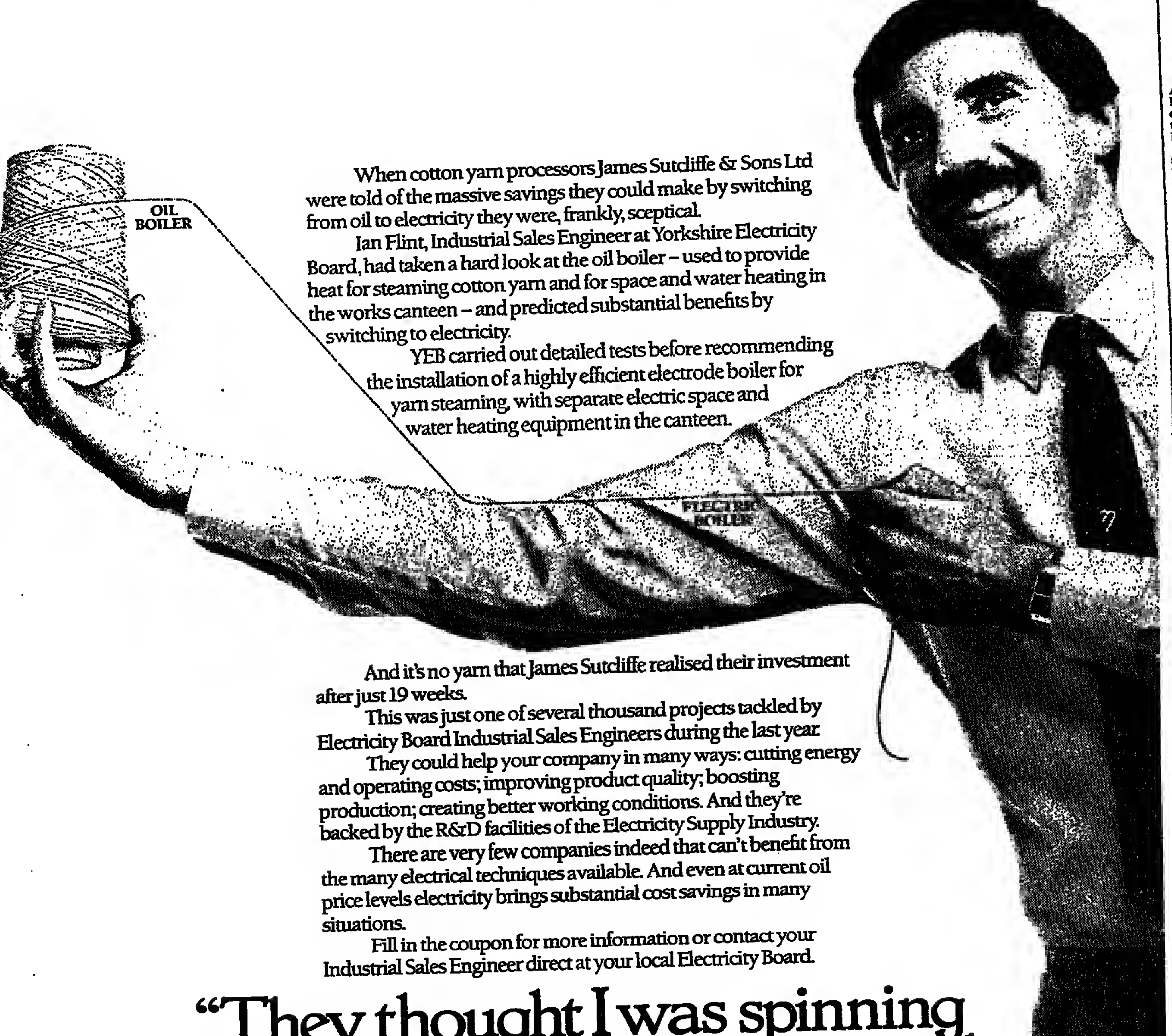
Applied research supported by the pharmaceutical industry was increasingly going abroad because of lack of adequate facilities in Britain.

One thing the clinical professors wanted to see was the creation of a range of competitive "new blood" posts at a cost of about £18m per year.

UK UNIVERSITIES earned £68m from research and similar services for industry and commerce in 1986-87, the Committee of Vice-Chancellors and Principals says today. This is a 10 per cent increase on 1985-86, writes Michael Dixon.

The institutions also achieved a 16 per cent rise to £47m in income from short courses staged for companies and other external organisations. But the biggest single increase in the universities' non-Government-sourced income came from UK charities, which provided £93m – 23 per cent more than in 1985-86.

As a result of the rise in such outside earnings, the money the institutions receive in block grants through the University Grants Committee has fallen to 55 per cent of their total income, against 77 per cent in 1974-75.



Selective health care urged

BY ALAN PIKE

A MORE selective approach to health care is urged by Mr Robert Maxwell, chief executive of the influential King Edward Hospital Fund.

In an editor's conclusion to a set of essays on the future of the NHS, published today, he suggested it might be necessary to recognise that the promise of comprehensive health care is "one on which we simply cannot deliver."

A more selective approach offered the Government the best hope of moving the National Health Service forward from its present difficulties.

Health care had become more extensive, sophisticated and expensive than when the NHS was founded 40 years ago and it had to be recognised that the service was not able to everything.

"Some things are going to have to be excluded from the NHS, so that it can do well what it takes on and so that the public and its staff can have confidence in it," says Mr Maxwell, whose fund finances health care initiatives.

A substantial proportion of expensive medical intervention in the last weeks or months of life might, he suggests, be among the facilities which had to be excluded. So might anything the private sector could do as well as the NHS, possibly with elements of public funding.

Mr Maxwell rejects the possibility of simply "giving the private sector its head," through encouraging private health insurance by tax concessions, withdrawing many central NHS services and introducing health vouchers for those in greatest need.

This approach, he maintains, might ease short-term NHS funding problems but it failed to recognise the "real limitations of the market as an effective and equitable way of providing health care."

Reshaping the National Health Service. Policy Journals, The Old Vicarage, Hermitage, Newbury, Berks. £25.

Pay bed policy 'a shambles'

By John Hunt

THE GOVERNMENT'S policy on pay beds in National Health Service hospitals is in a "shambles" Mr Robin Cook, Labour's shadow Health and Social Services Secretary, claimed last night.

He said that figures monitered by the Labour Party showed that since the Conservative Government came to power in 1979 the number of pay beds had increased by more than a fifth.

However, the number of patients using them had dropped by a third and the rate of pay bed occupancy had "dropped through the floor."

Mr Cook said that the number of pay beds went up from 2,405 to 2,930, an increase of 23 per cent. In the same period the number of private patients using pay beds annually had dropped from 91,128 to 63,893, a decrease of 30 per cent.

At the same time the occupancy rate of these beds had fallen from 63 per cent in 1979 to 32 per cent in 1986. The biggest drop was in the north-east Thames region, where occupancy fell from 82 per cent to 32 per cent during that period.

Mr Cook said that health authorities such as Bloomsbury, London, were preparing to spend hundreds of thousands of pounds on refurbishing their private patients' wings in an attempt to attract fee-paying patients back into NHS hospitals. He said this was scandalous at a time when clinical services were being cut.

In a weekend speech Mr Roy Hattersley, Labour's Deputy Leader, claimed that Mrs Thatcher's review of the NHS was really a covert attempt to dismantle it altogether. However, that intention would be kept secret by the Government until the next general election he said.

Oldest hydro-electric plant to be most modern

BY MAURICE SAMUELSON

THE ELECTRICITY industry's proposed return to private hands will strike a resonant chord at Cwm Dyli hydro-electric station, Mt Snowdon, north Wales.

The station, known locally as the Chapel in the Valley, is Britain's oldest hydro-electric plant in public service and one of the world's oldest.

It is being switched off today for alterations to lift output from 4MW to 10MW, enough to power 10,000 radiators.

It will reopen in a year as a most modern plant of its kind, poised to repay its £3m refurbishment in three years, just in time to re-enter the private sector into which it was born.

It was built to serve slate quarries and opened in 1906 by North Wales Power Co, the chairman of which was the conductor Sir Thomas Beecham. One of its four original turbines, still working, will go to a museum.

The tiny station is a few miles from the 1,800MW CEGB hydro works at Dinorwig.

A CEGB ceremony today will be attended by works-manager Mr Mike Hancock in the disused quarry which was Cwm Dyli's first client long before his birth.

Dinorwig, costing £460m, opened four years ago. It is a pumped-storage plant.

Unlike conventional hydro-electric stations, which have a continual water supply, it has to refill its reservoir nightly by pumping water up the mountain aided by cheap, off-peak power from other parts of the UK.

When it allows water from the reservoir to flow through its turbines it can reach full power in 10 seconds. This gives slower coal- and oil-fired stations time to work up to power and fill gaps in supply, making it Britain's biggest safety-net in event of failure by a main power-station.

Mr Hancock, its manager, also supervises Cwm Dyli, having recently been appointed manager of the Ffestiniog group of hydro plants, named after north Wales's older, 360MW pumped-storage station.

He spent the weekend digesting news that Dinorwig and Ffestiniog, unlike the remaining CEGB power-stations, are to stay an integral part of the National Grid.

As such they will be directly controlled by the new, separate transmission company to be owned by successors to the 12 area-distribution boards.

Dinorwig is already instructed by the Grid Centre, London, so changes should not disturb its day-to-day routine.

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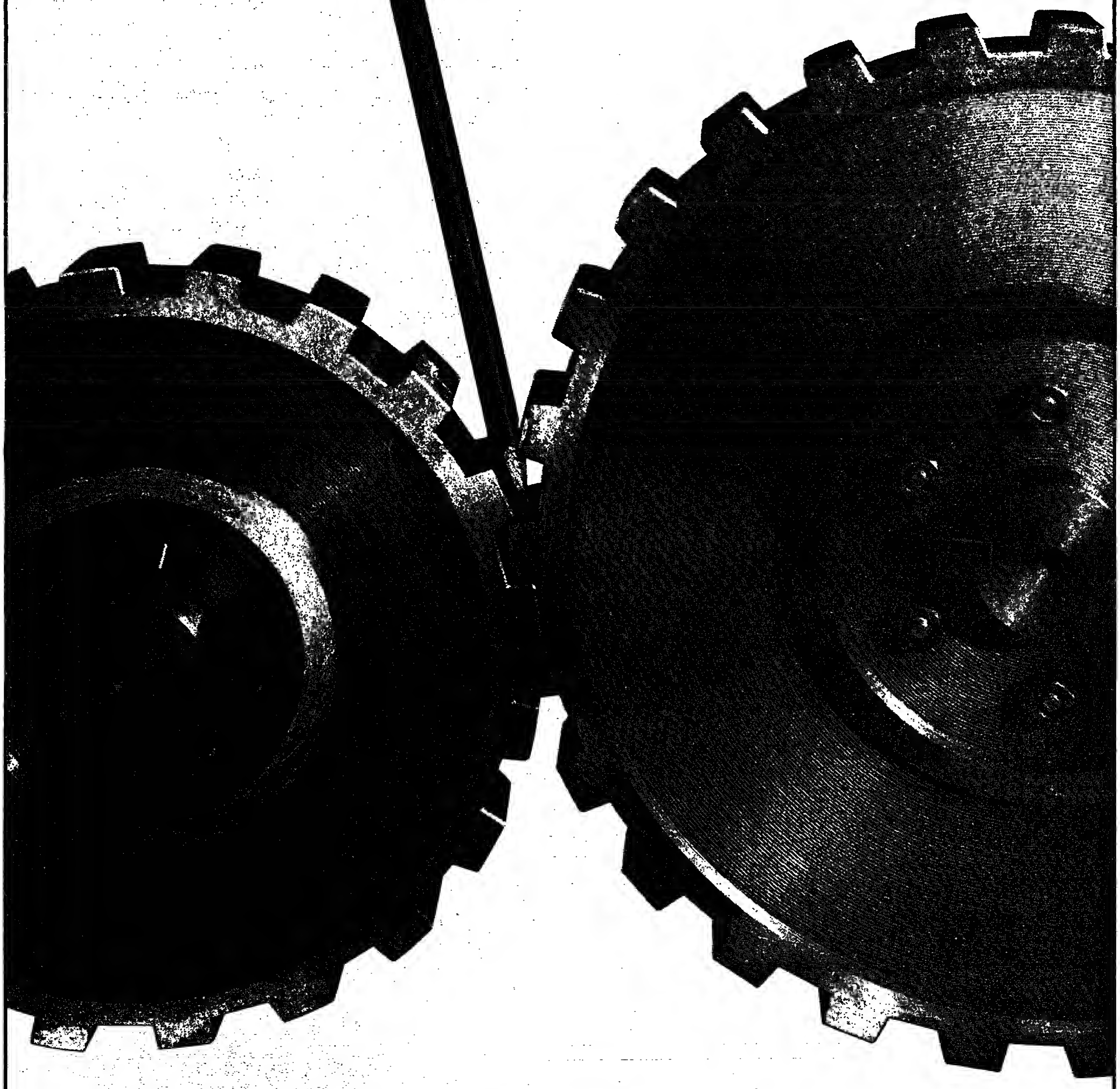

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UK NEWS

Builders 'must register to give advice on mortgages'

BY ANDREW TAYLOR

HOUSE-BUILDERS who offer to arrange endowment and investment mortgages as part of their sales effort must register as authorised investment advisers under the Financial Services Act or risk breaking the law, according to advice from leading counsel to the House-Builders Federation.

The federation has more than 3,000 members accounting for about 80 per cent of private homes built in England and Wales. It includes all the leading volume house-builders.

According to the federation, builders which want to retain their mortgage advice service will either have to apply to join one of the self-regulating bodies established to oversee investor protection or tie themselves to a single building society, insurance company or other authorised agent.

National building companies which prefer to offer a range of services to suit different areas and customers with different requirements would be unwilling to tie themselves to a single agency or broker.

They are unlikely, however, to apply to become authorised investment advisers, given the strict requirements which they would have to meet under the terms of the Financial Services Act.

A house-builder, to qualify as a member of a self-regulating organisation, would have satisfy minimum capital requirements, show its staff had sufficient training and expertise to give investment advice, and draw up an acceptable rule book for looking after investors' interests.

Builders wishing to be authorised as investment advisers when the regulations come into force in April should have applied for authorisation by last Friday. Most are unlikely to have done so.

Mr Roger Humber, director of the House-Builders Federation, said help in arranging mortgages had become an integral part of house-builders' marketing. Some companies which had forged links with societies and insurance groups received a small commission, but this was by no means always the case.

"According to counsel's advice, sales staff may not even give friendly help such as simply describing the difference between a repayment and endowment mortgage unless they are authorised to give investment advice," Mr Humber said.

"We are advising all our members that they must no longer give any kind of advice, however informal. As a result, house-builders' customers will receive a poorer service. This is consumer protection gone mad."

The federation estimated that builders provide some kind of mortgage service for more than half of all new houses sold.

Blunkett criticises Ridley poll tax defence

By Ralph Atkins

ARGUMENTS for poll tax set out at the weekend in a pamphlet by Mr Nicholas Ridley, Environment Secretary, were called the height of hypocrisy by Mr David Blunkett, Labour MP for Sheffield Brightside.

The chairman of the Labour Party national executive's committee on local government said it was misleading to say poll tax would lead to freedom for local authorities, as Mr Ridley believed.

Legislation before parliament included powers for central government to limit council spending ability.

Mr Ridley's local government vision was published by the Centre for Policy Studies, the right-wing think tank.

The pamphlet is not governmental yet Mr Ridley describes his thoughts as "a serious attempt to set out the philosophy underlying this Conservative Government's policies."

He says local accountability relies on the link between paying for councils and voting in elections, yet of 35m electors in England only 18m pay rates.

"The Victorians interpreted the concept of democratic accountability by limiting voting rights to ratepayers. We intend to widen the liability for local taxation to nearly all voters through our community charge proposals."

He sees a greater private-sector role providing community facilities. He says assets in private hands are cared for and used efficiently, those in public hands too often let to decay, stagnate and become a burden.

He asks why the public sector should provide houses, sports centres, shopping centres and industrial estates and says councillors should always ask if it is right for the public sector to do a job private interests would compete to do.

"Inside every fat and bloated authority there is a slim one struggling to get out," the minister says.

Mr Blunkett said these ideas would reduce local authorities to administrative wings of central government.

The Local Right: Enabling not Providing. Nicholas Ridley. Centre for Policy Studies, 8 Wilfred Street, London SW1E 6PL. £4.90.

Engineers' group examines impact of freer EC trade rules

BY NICK GARNETT

THE ENGINEERING Employers Federation said yesterday it wanted to establish closer links with trade associations over the abolition of EC trade barriers in 1992 and its likely impact on British companies.

The federation, which has 5,000 member companies, is anxious that research into new directives, due from Brussels on trade within the EC, and investigations into how that affects UK engineering businesses is not duplicated.

Mr Ronald Hooker, the federation's president, said in an introduction to the federation's review of 1987 that it would work with similar bodies in Europe "to ensure that companies are fully informed about the demands to be made upon them and the opportunities which will be opened up."

About 230 UK trade associations have engineering-based companies in their membership. However, most of these associations are very small. Most of the big and medium-sized companies are represented by a handful of larger associations, such as the Society of Motor Manufacturers and Traders; British Aerospace Contractors; Beama, which includes electrical engineering companies; and Commet, an umbrella body for mechanical engineering.

The review said total gross sales of UK engineering industries last year amounted to an estimated £96bn, up 11 per cent on 1986. This figure was taken from government statistics, and included the motor industry, aerospace manufacturing, mechanical and electronic sectors, telecommunications and some metals sectors, but not steel making.

Within the £96bn, £19bn resulted from trade between engineering companies and £77bn from sales to companies outside UK engineering industries. Of the £77bn, £34bn or 44 per cent came from exports.

Mr James McFarlane, director-general of the federation, said engineering industries had shown a significant improvement in trading in 1987.

He warned last year's fall in the stock market and the violent swings in currency values over the past two years made it difficult for companies to make "sensible" investment plans.

Well-laid plans had been put at risk by financial events few companies could foresee or counteract, he said. "We must beware of letting uncertainty breed pessimism and so lock ourselves into self-induced decline."

LONDON BUSINESS SCHOOL FORECAST

Caution urged to ease trade deficit

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT needs to buttress its exchange rate and monetary policies with a cautious fiscal stance to limit the recent sharp deterioration in Britain's trade position, the London Business School says today.

In its Economic Outlook, the LBS says last year's widening in the current account deficit reflects excessive demand in the economy. The prospects for the next two years point to a further deterioration, with the deficit rising from £2.4bn last year to £4.1bn in 1988 and £5bn in 1989.

The LBS adds it is unlikely that Britain will be able to finance a sustained deficit of that magnitude, in spite of the build-up in its overseas assets. To close the gap, government policy should be directed at holding back the growth rate of domestic demand relative to national income.

At present the Government seeks to control inflation by setting a target for nominal income or money GDP. That policy is reinforced by holding the exchange rate around its current level.

In these circumstances, variations in fiscal policy will mainly be reflected in changes in the balance of payments. That means that if fiscal policy contributes to faster growth in domestic demand in the economy than implied by the overall target for nominal income, the result will be a deterioration in the current account - as occurred in 1987.

The LBS says its model of the economy suggests the present relationship between fiscal policy and the current account is particularly close. "A cut in the Budget deficit of £1bn leads to an equivalent improvement in the balance of payments," it says.

"Concern about excessive growth in demand and caution about the balance of payments deficit both suggest that the Government's monetary and exchange rate policy should be reinforced by cautious fiscal policy."

Against that background, the LBS central forecast of economic prospects points to a slowing in the pace of growth, coupled with relatively subdued, although rising, inflation. It suggests that Mr Lawson will cut taxes by around £3.5bn in the Budget, far less than the £8bn or so implied by the present target for borrowing in the Medium Term Financial Strategy.

Output in 1988 is projected to rise by 3 per cent after increasing by 4.7 per cent last year, with the growth rate slowing further to slightly more than 2 per cent in 1989.

Continued rapid growth in average earnings and tax cuts in the Budget will ensure further increases in consumer spending. However, a projected rise in personal sector savings suggests some slowdown from 1987. The volume of consumer spending is expected to rise by 3.3 per cent in 1988 against the 4.9 per cent increase seen last year.

By contrast, investment spending is likely to accelerate, with the volume of total fixed investment rising by 6.7 per cent and 3.9 per cent respectively in 1988 and 1989, compared with 2.2 per cent in 1987.

Growth in exports, however, will be hit by sterling's sharp appreciation last year and by an acceleration in manufacturers' unit costs as earnings remain buoyant and productivity gains weaken. The volume of exports is expected to rise by 4.8 per cent in 1988 and by only 2 per cent in 1989, while imports are likely to increase by 7.1 per cent and 2.8 per cent.

The combination of rapid earnings growth, a strong pound and weaker productivity will also severely dent the prospects for company profits, the LBS says.

Net of stock appreciation, the profits of companies outside the North Sea are likely to rise by only 10 per cent this year, less than half the rate of increase seen in 1987. In 1989 they are likely to stagnate.

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Pre-crash share rise a 'speculative bubble'

BY SIMON HOLBERTON

THE PERIOD before the collapse in share prices last October may well have been the aberration, not the crash itself, the London Business School says in its Economic Outlook analysis of financial markets, issued today.

It says the first three quarters of last year saw a sharp rise in equity prices which was well above the long-term trend and now appears to have been a "speculative bubble."

The school is forecasting a steady growth in real equity prices of between 4 per cent and 5 per cent over the next few years.

This, in nominal terms as measured by the FT All-Share index, should mean a recovery to their previous growth trend.

The school sets the forecast against a background of subdued new equity and gilt-edged securities issues.

These, with a modest growth in demand for such securities, should underpin a gradual rise in asset prices. Corporate profits' growth-rate is expected to slow.

The school also expects, for the coming financial year, improvement in the savings ratio, which it estimates dipped to a 30-year low this financial year.

The main beneficiary of this higher level of savings should be the building societies, last year's main losers from household interest in equities.

A main effect of the stock-market collapse will be that the level of equity-funding by companies drops to less than one-third of its previous level.

The school estimates that in 1987-88 companies raised more than £17bn through new equity issues. They will raise about £5bn in the coming financial year.

Another effect of the market collapse is that the personal sector reverts to its past behaviour and becomes a seller of shares, in preference to holding equities indirectly through pension funds or unit trusts.

The school estimates that last year UK households bought £4bn-worth of shares net, because of rising share prices and the Government's privatisation programme.

It expects that in this and coming years households will dispose of about £5bn-worth of equities a year.

The public sector borrowing requirement outlook is for surplus in 1988-89 and balance up to 1990-91.

The school therefore expects fairly moderate sales of gilt-edged securities over its forecast period and that the Bank of England will be concerned mainly with offsetting redemptions.

Canada may win £30m Canary Wharf contract

BY ANDREW TAYLOR

ONE of Europe's largest structural steel contracts, for an office complex on the Isle of Dogs in London's Docklands, is in danger of going overseas, according to British companies.

The contract, expected to be worth about £30m, will be for the fabrication and erection of the steel framework for a 50-storey tower, at 240 metres the tallest office block in Europe. Tenders must be in by today.

The tower will be the centrepiece for the £3bn Canary Wharf office development by Olympia & York, the Canadian property and resources group.

The contract will be the largest placed in Britain for the structural steel framework of a commercial building.

Favourite to win the work, according to British contractors, is Canron, a Canadian steel company which has worked widely with Olympia & York.

Canron, despite strong competition from US fabricators, won the main steel contracts for three of the four office blocks for Olympia & York's 8m sq ft World Financial Centre at Battery Park, New York.

So far only one British bidder, Cleveland Bridge – part of the Trafalgar House construction, property, shipping and hotels group – has emerged from about a dozen international companies expected to tender for the work.

The scale of the job, which will involve about 25,000 tonnes of steel, means few British companies apart from Trafalgar House would be capable of tackling it.

This, together with the high level of other work available in London, including the prospect of further contracts at Canary Wharf and the impression that the tower contract is already earmarked for a North American fabricator, has dissuaded other British companies from bidding for the work. Mr Richard Griffiths, senior construction manager for Olympia & York, denied the contract race was cut and dried. He said the decision would be based on cost and ability to deliver.

There was no preference for Canron or any other fabricator from North America, where Olympia & York had worked with a number of companies.

Dr Derek Tordoff, director of the British Constructional Steelwork Association, said he would not be surprised if the steel frame contract went to a Canadian fabricator.

"Any decision to place the main contract in Canada is likely to be because of the close relationship between Olympia & York and one or two Canadian steel fabrication companies and not because of the inability of the UK industry to supply on price, quality or capacity," said Dr Tordoff, who hoped British sub-contractors would be strongly placed to work jointly with whoever won the main contract.

The use of steel to construct office blocks has increased in Britain during the past few years. According to the British Constructional Steelwork Association, nearly 60 per cent of office blocks are built using steel frames compared with 23 per cent in 1980.

The growth in British construction output has attracted interest from Continental steel fabricators.

Fines for unfair reporting urged

By Raymond Snoddy

AN OXFORD University professor who was subjected to bomb scares and threats after the Sunday Mirror published an article that was found to be exaggerated and unfair suggested yesterday that the Press Council should be able to fine newspapers.

Professor Colin Blakemore, Waynflete Professor of Physiology at Oxford University, was speaking after a Press Council ruling that was heavily critical of a Sunday Mirror report last May. The article claimed that monkeys were being tortured in unnecessary experiments.

Speaking during a BBC interview yesterday, Prof Blakemore said he thought it would be "an excellent idea" if the Press Council, the newspaper industry's voluntary regulatory body, had the power to impose fines as well as censure newspapers.

The Press Council findings said that the Sunday Mirror article was "exaggerated, unbalanced and unfair."

It added that the article contained significant factual errors, misrepresentations and misleading photographs.

The ruling came after a speech on Friday by Mr Timothy Renton, the Home Office minister in which he warned that the press could face government regulation unless some newspapers improved their standards and took more notice of rulings made by the Press Council.

Yesterday Prof Blakemore praised the Press Council handling of his complaint but added: "It is unfortunate that all that effort and the agony I had to suffer was condensed into a few lines on page 39, the bingo page, of the Sunday Mirror."

Mr David Jack, chairman of the Research Defence Society, pointed out that Prof Blakemore's work had significantly improved understanding of eye defects such as squints.

He said he hoped the Press Council decision "will bring to an end the sustained persecution of Prof Blakemore and his family by misguided supporters of Animal Aid (the animal rights group)."

Scope for budget tax cuts disputed by economists

BY RALPH ATKINS

BRITISH ECONOMIC growth will remain buoyant this year in spite of a world slowdown, but there is disagreement about the Government's scope for tax cuts, according to pre-budget forecasts by independent economists published at the weekend.

Most agree the British economy will grow by about 3 per cent in 1988, compared with about 4 per cent last year. But fears of overheating have led to suggestions that the size of tax cuts to be announced in the Budget might be less than previously expected.

Hoare Govett, the international stockbroker, estimates the tax give away will be little more than £3bn - compared with a possible £9bn Mr Nigel Lawson, the Chancellor, has at his disposal. It says this will allow the Government to repay borrowing in 1988/89 and be consistent with further tax cuts into the 1990s.

The forecast says the biggest constraint on the economy in 1988 will be inflation generated by excessive earnings' increases. Prices are expected to have risen by 5 per cent by the end of this year and by 5½ per cent in 1989.

Interest rates are also likely to increase, Hoare Govett says. By the end of 1988, base rates of 10 per cent are predicted, compared with 9 per cent at present.

Morgan Grenfell, the securities house, says Budget day on March 15 is likely to be memorable "as much for its monetary pronouncements as for its statements on fiscal policy." The time is right, it says, for Mr Lawson to announce an explicit exchange rate target for sterling against the Deustchemark.

This would be "an indication of his continued commitment to fighting inflation and his refusal to accommodate excessive wage claims". Continued sterling strength would alleviate the need for further major interest rate moves, Morgan Grenfell suggests.

It predicts a tight monetary policy will be complimented by a "prudent" fiscal policy. Tax cuts are likely to be limited to those necessary to offset "fiscal drag" - extra payments arising as earnings rise faster than tax allowances and as people move into higher bands. Average tax rates are expected to remain unchanged.

However, the Liverpool Research Group in Macroeconomics, based at Liverpool University, argues taxes should be cut by £5bn. This, it says, would leave the public sector borrowing requirement in slight surplus and the prospect of further surpluses until 1992 at least.

The group predicts the UK economy will grow by 3 per cent in 1988, falling to 2.8 per cent in 1989. Inflation is predicted to fall to 2.8 per cent this year and to a low of 1 per cent in 1991.

"Overheating is unlikely (and should be dealt with by tighter money if it occurs); current interest rates are sufficiently tight on present forecasts and should come down later this year," it says.

A study by the group on labour supply responses argues that high-paid workers are likely to increase work effort significantly if top rates of tax are cut.

Commercial vehicle sales 'will rise 10%'

By Kevin Brown, Transport Correspondent

SALES OF commercial vehicles will increase by 10 per cent this year to 64,000 and should continue to rise for the next four years, reaching 76,000 in 1991, according to a recently published report.

The report, commissioned by Reed Business Publishing for its magazine Motor Transport, says this would represent a strong recovery from the all-time low of 45,000 registrations in 1981, but would still be below the peak of about 80,000 reached in 1979.

The report, Road Transport Trends and Forecasts, also forecasts a steady increase in demand for road haulage, from 105.2bn tonne-kilometres carried last year to a record 118.7bn in 1991.

The forecasts assume continued growth in the wider UK economy, but the report warns that new registrations will fall substantially if a worldwide recession is triggered by strains on the US economy.

The report says the buoyant prospects should allow the road haulage industry to improve its narrow profit margins. However, commercial-vehicle manufacturers will continue to lose money unless there is "substantial rationalisation."

Romans beat City to cut-throat trade

BY MICHAEL DIXON

DEALERS returning to the City of London this morning to clash in the battle for profits could well be continuing a 1,900-year-old tradition of conflict. Archaeologists digging near Guildhall, at the hub of the famous square mile, have found firm evidence that it was the site of a Roman amphitheatre where gladiators may have met in at least equally cut-throat competition.

The Museum of London has been carrying out the dig since July with nearly £200,000 aid from the City Corporation. Last week it unearthed carving foundations just east of the open space in front of Guildhall which are sufficient to have supported walls at least seven feet high.

The foundations are about five metres below the present ground level, and Professor John Wilkes, of London University's Institute of Archaeology, said it was 99 per cent certain that the discovery had ended a quest that had gone on for 300 years.

Since the 17th century historians have argued that an amphitheatre must have been built by the Romans, who were followed into the square mile by other settlers from overseas. But although excavations gradually identified more and more of the ancient invaders' prominent buildings, culminating in the finding of a basilica and forum in 1985, the amphitheatre never turned up.

Its failure to do so had been so consistent that it was the last thing the 15-strong excavating team were expecting to find. Having discovered it, the diggers estimate they can finish all necessary recording work before the time allotted for the dig ends in four weeks time and the site is used for a new Guildhall art gallery and extended administrative buildings. But a meeting with the City Corporation this week will consider whether the remains should be preserved for public view.

The foundations look to have been laid down in 80-100 AD, and enclosed the amphitheatre's equivalent of a dealing floor – an oval inner arena roughly 60 metres from east to west by 50 from north to south.

It is likely to have been surrounded by an outer oval, extending the area to about 100 by 80 metres, for spectators who normally stood on raised banks of earth, although temporary wooden grandstands were probably erected.

Professor Wilkes agreed yesterday that staff in neighbouring offices might be grateful to be competing by way of computer screens now they can imagine their local predecessors doing likewise with sword and shield against trident and net. Even the 3,000 people turned out of City jobs since Black Monday might be comforted to think that some of the square mile's workers once suffered a more drastic thumbs-down.

The professor believes, however, that all-out gladiatorial combat on the site was rare. The placing of the amphitheatre next to the Roman army's 12-acre Cripplegate fort to the west suggests that the arena's main use was as a military training ground. Moreover, its spectator-capacity puts it in at best the third division compared with stadia such as the Coliseum which held 50,000 onlookers or more.

Tighter car-ferry safety rules imposed this week

BY RAYMOND SNODDY

TIGHTER RULES on car-ferry safety come into effect this week, nearly a year after the Herald of Free Enterprise disaster at Zeebrugge last March claimed 193 lives, mainly, an inquiry found, because of open bow-doors.

From today all ferry companies must have an approved system of boarding-cards so they know exactly how many people are aboard and their identities. The aim is to avoid the type of confusion over victims in the Zeebrugge tragedy.

From tomorrow failure to close bow-doors before leaving berth, or within a ship's length of leaving berth, will be a statutory offence.

Since last month companies have had to use vehicle-deck instructor-lights to tell the bridge that doors are shut, backed by closed-circuit television surveillance.

More rules are due this year, some dealing with designated safety-officers; continual emergency-lighting on board; and provisions to ensure vessels' safe running is the responsibility of all in a company.

FT WRITERS LOOK AT THE EFFECTS OF CHANGES TO PRODUCT LIABILITY LAW

Consumers given sharper clause

BY RALPH ATKINS, KEVIN DONE, PETER MARSH, CHRISTOPHER PARKES AND MAGGIE URRY

BRITISH CONSUMERS who suffer injury or damage to property because of faulty goods will be able to gnash their teeth with force from tomorrow.

Legislation about to come into effect will remove the need to prove a manufacturer's negligence. Its effect will be to sharpen the claws of consumers and, almost certainly, increase claims against manufacturers.

However, in spite of the fears of some, the product liability sections of the 1987 Consumer Protection Act should not prove a nightmare for businessmen. A straw poll by the Financial Times shows business is confident that stringent quality control procedures and a careful review of insurance and other contracts will provide adequate protection.

Comparisons with product liability laws in the US – from where numerous horror stories of zealous, hyper-litigious consumers have emerged – appear unfounded. The Confederation of British Industry is content that the wishes of industry and consumers have been fairly balanced in the act and that manufacturers have had time to prepare.

A similar message is given by the Association of Insurance and Risk Managers in Industry and Commerce, which represents the majority of risk managers. "Companies making a properly researched product with proper standards of quality control and insurance should not have anything to fear," said Mr Ian Drewer, chief executive of the association.

Britain is the first country to implement the European Community directive on product liability. It has been hailed by the National Consumer Council and the Independent Consumers' Association as a significant step forward for consumer rights.

Action can be taken for injuries or damage to property valued at more than £275. Covered by the act are producers, processors (such as pea canners), suppliers who put their name on products and companies importing into the EC.

The impact of the act will vary between industries, with companies already prone to claims likely to be affected most. However, most companies are expected to be hit by an increase in insurance premiums.

Commercial Union and Guardian Royal Exchange, both leading insurance groups, said premiums were usually based on past claims and it was too early to assess the act's effect. GRE said product liability rates were reviewed annually and it was likely that the act would be taken into account this year. "But, of course, there are many variables in any one year," it said.

Pharmaceutical companies are likely to be prompted to hasten moves to provide more information to patients about possible unpleasant effects of medications.

Dr Frank Wells, medical director of the Association of the British Pharmaceutical Industry, said the parts of the act that related to product liability involved "an implicit requirement" that patients understand about side-effects of drugs they were taking.

Dr Wells said the drugs industry was generally happy about the provisions of the act regarding liability. "Companies in industry accept that the buck stops with them," he said.

The act could also have implications for pharmacists. One of its provisions is that, when a consumer cannot identify the maker of a product that is defective, he or she has a case for bringing an action against the retailer.

This might apply to pharmacists which sometimes stock large quantities of unbranded, generic drugs – those made to a set chemical formula and which are not patented – produced by a range of companies.

Mr Peter Dodd, chief executive of UniChem, a pharmaceutical wholesaler, said this part of the act could cause "problems and expense" for pharmacists. He said they might have to keep much better records, dating back many years, relating to the origin of products which they kept in stock.

The motor industry claims the product liability legislation had given a new impetus to the drive for improved quality in vehicle manufacturing.

Mr Adrian Watts, assistant legal adviser at the Society of Motor Manufacturers and Traders, said: "Quality and safety go hand in hand. As a result of higher quality you are cutting down your risk."

The changes in product liability laws have particular implications for components suppliers and importers of motor vehicles produced outside the European Community.

Richard Weir: retailers support the legislation

"Components suppliers were previously well down the line of being sued, but now they will be much more exposed. Manufacturers are looking at their suppliers again very carefully," said Mr Watts.

Non-EC importers of vehicles are particularly affected by the legislation, as they become liable to pay any damages as if they were the producer of the product. "They are reviewing their insurance position and ability to recover any damages from their suppliers," said Mr Watts.

The motor industry expects insurance premiums on liability policies to rise by as much as 15 per cent as a result of the Consumer Protection Act, although the impact is unlikely to be immediate.

Mr Watts said: "This is an expansion of consumer rights and therefore there will be more claims. Therefore, the cost of defending oneself will rise and this will be reflected in the cost of premiums and the cost of manufacturing."

Austin Rover said it had engaged in intensive training of sales and marketing, engineering and service personnel as well as dealers. It said: "We have made them aware of the legislation and what you can and cannot do. It is the old US story about warning against putting your dog in the microwave to dry it off."

In retailing there was broad support for the product liability legislation, according to Mr Richard Weir, director general of the Retail Consortium.

Retailers are usually the first line of recourse for consumers who have purchased faulty goods. Under the Sale of Goods Act a retailer is liable if the goods are shown to be defective, however until now the manufacturer was only liable if negligence was proved.

Mr Weir said: "The change in the law means that the manufacturer is directly liable regardless of whether it was negligent. It was always a nonsense that the only effective remedy was against the retailer – which is only an intermediary. Now it is very much easier for consumers to attack the manufacturer."

Domestic appliance manufacturers have always been "reasonably vulnerable," according to Mr Jim Collis, director general of Amdea, their national association. They have been advised to ensure that instruction books are clear and well-written and that warning labels are attached to cover any potential hazards.

However, among most consumer product manufacturers, the main concern is that publicity surrounding the introduction of liability rules might prompt a flurry of activity among the hard core of "professional complainers."

Most manufacturers of durables, foods and packaged goods live with a steady trickle of crackpot letters and concocted complaints from people groundlessly seeking free replacements or compensation for imagined faults.

"A flood of these would involve an awful lot of paperwork, and we have better things to do with our time," one company lawyer said.

CONSTRUCTION CONTRACTS

Sewer pipe replaced by thrust bore equipment

Good progress is reported from the £4.4m Ashcroft Road to Parr Treatment Works sewer replacement scheme in St Helens, Lancs., by the contractor, J.F. DONELON & CO.

Working conditions demand safety procedures which include the modification of underground machinery to incorporate gas sensing hazard protection equipment.

The contract, placed by St Helens Metropolitan Borough Council, agent to the North West Water Authority, is for a 2.4 metre diameter tunnel which is being driven by thrust bore over 1.5km to replace the 1.8 metre diameter brick sewer built more than 100 years ago.

Through refuse

Much of the ground through which the tunnel passes has been formed of chemical processing and glass manufacture as well as being used as a tip for general and domestic refuse.

Apart from the practical difficulties of driving through ground which can vary from rock to slurry and includes bands of dense chemically hardened material which can break cutter teeth, the presence of hazardous elements such as carbon monoxide, hydrogen sulphide, methane, ammonia and chlorine, has placed the operation within the category of Group IIB gases.

The current rate of progress has been up to 20 metres per day which the contractor expects to increase to around 25 metres per day as work progresses, bringing the programmed completion date ahead of the 104 week contract period.

Donelon has also been awarded phase 7 (worth £4m) of the Royal Docks drainage project by the London Docklands Development Corporation.

A £1m contract, the Kearsley interceptor sewer for Bolton Metropolitan Borough Council, has also been placed with the company.

WARINGS, Portsmouth, has been awarded a £7.2m contract by Arlington Securities for construction of an office development at Solent Business Park adjoining the M27 at Segensworth, near Fareham, Hants. Known as "1600 Parkway" the development comprises seven separate buildings, totalling 130,000 sq ft. Other contracts recently commenced by Warings, a company within the Heaton Holdings Group, include a £7m contract for the construction of a four-storey office building in Brighton for City Estates, a £7.2m supermarket at Basingstoke and £1.5m marina facilities building at Port Solent Marina, Portsmouth, for Arlington Securities.

Wiltshier wins City office developments

Two divisions of the JOHN E WILTSHIER GROUP have between them won more than £13.5m of new work for 1988. Wiltshier Construction has started work on four sites: in Chiswell Street, EC1, a £3.1m contract to demolish a building – once the headquarters of Marks & Spencer – and erect a six-storey 17,300 sq ft office building with car parking for Five Oaks Investments; at Gough Square, EC1, a £2.4m demolition and redevelopment will provide six storeys of offices for Sun Alliance; in Bonhill Street, EC2, a £1.9m contract with SI Commercial Properties is to erect 18,000 sq ft of reinforced concrete framed offices; at Park Place, SW1, a £1.1m contract for Laing Estates is for redeveloping a six-storey office building behind the listed facade.

Wiltshier Interiors has won over £4m worth of London contracts including: £1.62m of work on phases 6 and 7 of the Broadgate office development for Bovis/Schal; at 99 Bishopsgate, in the City of London, an office fitout covering four floors of the building, will provide a headquarters office, dealing room and banking accommodation for Tokai Bank; while at Marble Arch, a refurbishment contract at the Cumberland Hotel, owned by Trusthouse Forte, covers alterations to the bar, restaurant, lounge and reception areas in a £700,000 contract.

A new restaurant in Jubilee Hall, Covent Garden, is due to open later in the year. Wiltshier Interiors has started fitting out work for owner American Bistro Concepts. At Heathrow airport, the company has a £1m package of work on the refurbishment of Terminal 3. Being overseen by AMEC Projects for BAA, the work on phase two includes fitting specialist cladding panels.

Rosehaugh West End scheme for Walter Lawrence

Rosehaugh Estates has awarded a management contract to WALTER LAWRENCE PROJECT MANAGEMENT (LPM) to build an office and residential development at 7-9 Marylebone Lane, London W1, at a cost of £5m.

Situated between Oxford Street and Wigmore Street, the seven-storey, 33,000 sq ft office building is to be clad in stock facing bricks and curtain walling.

Included in the scheme are 11 three-bedroom brick town houses with hardwood windows and slate pitched roofs. Car parking will be provided for the town houses in the basement.

LPM has started a £600,000 design & build contract on behalf of Roche Products to refurbish a building in the Roche plant complex at 40 Broadwater Road, Welwyn Garden City.

The building will provide a medical and clinical department on two floors. The work involves provision of mechanical, electrical and communication facilities. Construction started in January for completion by June.

Tunnelling beneath London

SIR ROBERT McALPINE & SONS, in a joint venture with DELTA CIVIL ENGINEERING, has been awarded a £6.6m contract by Thames Water Authority to construct a tunnel with 16 shafts under central London. The 3300 metre long tunnel, with an internal diameter of 2.54 metres will be driven at a depth of 40 metres. The vertical shafts connecting to the tunnel will vary in diameter from 2.44 metres to 10.3 metres. The work, which is programmed for completion in 65 weeks, will be carried out using Decon Engineering tunnelling equipment. The tunnel itself will be finished with precast concrete segmental lining.

Brighouse hotel project

SHEPHERD has secured a 13-month contract, worth over £4m, to design and build a Trusthouse Forte Hotel at Brighouse. Located on the side of a low hill, conveniently close to the M62 motorway in West Yorkshire, the hotel will be a 96 bedroom, four-star hotel. It will comprise a mixture of single-storey and two-storey buildings and the design incorporates traditional style architecture and materials. They will include natural York stone and Welsh slate. Internal accommodation includes the extensive provision of public rooms, a wide range of bedroom styles, conference suites and a leisure club befitting a four-star hotel.

POCHIN CONTRACTORS (WALES) has been selected to build a £3.5m campus in Caernarfon for Arfon Borough Council. The 67,000 sq ft complex, situated on the site of the old Caernarfon Pavilion, incorporates offices, a council suite and a multi-storey car park.

MANAGEMENT

BRITAIN THINKS Nissan, Japan's number two automaker, is wonderful. The company's new UK plant is providing hundreds of jobs, boosting pride in British craftsmanship and proving that trade wars can be settled amicably.

Unfortunately for Nissan, the picture outside the UK is not nearly so rosy. Its profits have been adrift since the early 1980s. It chose to fling its resources at a variety of overseas projects while Honda romped home with the lucrative US market and Toyota muscled Nissan out of the way at home. In fact, Nissan's Sunderland plant in the north-east of England could now be labelled as the company's only real bright spot worldwide.

The world's fourth largest automaker is certainly in no serious danger. With total sales of more than $33bn a year, Nissan still has the assets, engineering skills and staff loyalty that a European company would kill for. But most analysts tend to dismiss Nissan these days because they cannot see from where or when a fresh surge of growth will come.

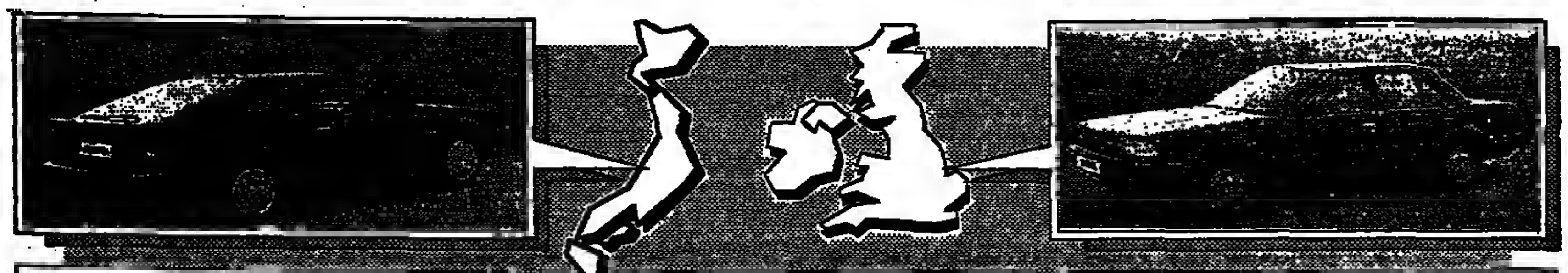
"This year's operating profits (projected to be Y50bn) are absolutely nothing when compared with their sales. They seem to be unable to make money," says Koji Endo, auto industry analyst for Nomura Securities, with an audible note of contempt in his voice.

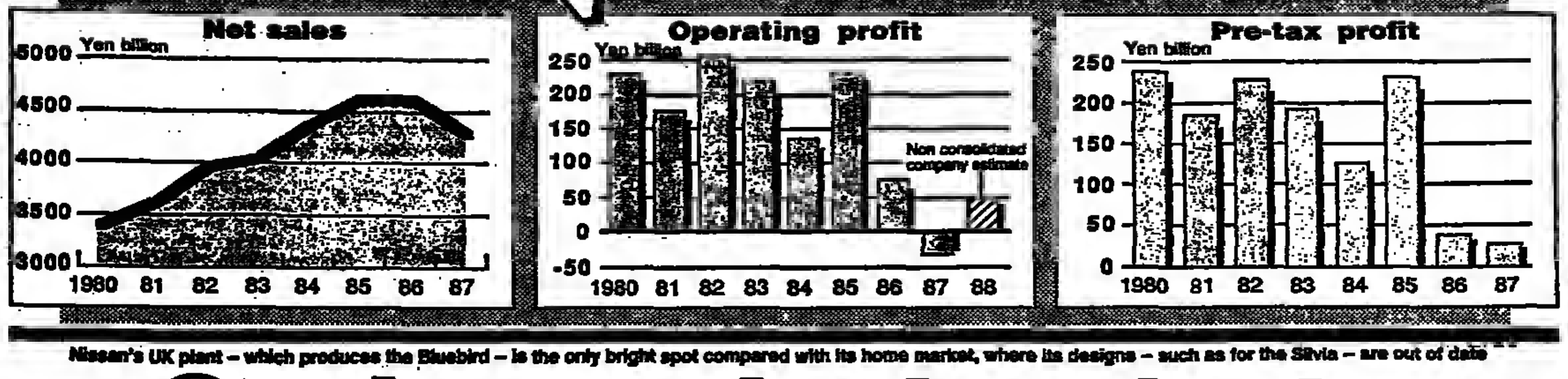
These are strange words to be hearing about a Japanese company, especially at a time when most Japanese exporters are bouncing back from the worst effects of the yen's appreciation against foreign currencies.

But Nissan has seen more problems than the appreciation of the yen in recent years. It has been suffering from many of the troubles that plague many large, long-established companies – out-of-date designs, productivity and labour woes, marketing mistakes.

Indeed, Nissan executives now talk about "engineering arrogance" in much the same way that Sir John Harvey-Jones described the failure of ICI, Britain's major chemicals group, to service its customers' needs in the early 1980s.

Many of Nissan's problems are now on the mend or already solved. But unlike ICI, or, say, GKN, the UK engineering group, Nissan is dead set against shedding any labour in order to complete the job.





Nissan's UK plant – which produces the Bluebird – is the only bright spot compared with its home market, where its designs – such as for the Silvia – are out of date

On the mend – but slowly

Protection of its subcontractors is central to Nissan's strategy. Carla Rapoport reports

The company has a high export ratio (nearly 55 per cent compared with Toyota's 40 per cent) and a relatively weak domestic marketing network. The clear course of action is to cut back exports, shovel more production offshore, and build up the domestic business to take advantage of buoyant sales at home. This has been the scenario at scores of Japanese companies: why can't Nissan fall in line?

The answer goes to the heart of the Japanese auto industry's structure. About 70 per cent of Nissan's manufacturing costs are accounted for by its purchases from its subcontractors. This compares with about 40 per cent for General Motors of the US.

These small component companies have their own design and technology capabilities, which have been nurtured for decades by Nissan's finest engineers.

The peril for Nissan is easy to understand. Lower exports mean lower orders for the subcontractors. Nissan's Takarakai group of subcontractors, 104 companies with 82,500 workers, is almost entirely reliant on Nissan for its sales. Lower orders to this group would mean bankruptcies and the permanent loss of crucial R&D, manufacturing, and design functions.

"It's in our interest that they thrive. We transfer total quality control and management systems for industrial engineering to these companies. We can give a rough sketch or ideas of components and they come up with the product – develop, design and bring forward the prototype," says Takashi Matsuura, managing director of Nissan.

As a result, Nissan is committed to maintaining not just the jobs of every employee of Nissan, but those of its main subcontractors as well.

Including its sales force, that totals more than 200,000 jobs in all. European and American companies do not normally work with this kind of constraint, so restructuring can proceed more quickly.

In the end, it could take ten years or more for Nissan to become a profitable multinational car producer. This may seem like an unacceptably long time from a Western point of view. But in Japan, working for the long term is not some kind of business jargon. Shareholders are docile and takeovers are almost unheard of.

Despite the laments of stock analysts, Nissan appears to have plenty of time to get things right. "Over-eagerness to resolve our problems in the short term is an error we have to avoid at all costs," said Yukata Kume, Nissan's president, in an interview last year.

Nissan's efforts to revitalise its profits – without shedding any labour – have been energetic and are continuing at a steady clip.

Over the last 18 months, the company has devoted itself to shedding its dowdy image as the old lady among Japanese car makers. It has worked on strengthening its marketing activities, rolling out trendier cars and slicing costs. The shake-up has ranged from the dropping of honorifics when speaking to a superior to pay-cuts for all managers.

"Our engineers were too proud of our technology. The attitude was that we were producing good cars and they should be accepted by the market. Now we know the customer is king," says Atsushi Muramatsu, executive managing director, who joined Nissan 18 months ago following his retirement from the influential Industrial Bank of Japan.

Nissan intends to tackle its problems in Japan and the US, where market shares are under siege, from two directions. First, it intends to work harder on design, spice up its image and move into the more profitable luxury car business over the next several years.

Second, it is still hacking away at costs. Ultimately, this means helping its subcontractors to survive as Nissan inevitably cuts down on its orders to them. This will happen gradually as Nissan increases production and sourcing from abroad over the next several years.

Its pioneering investments in Mexico, Spain, and Italy as well as the UK and the US, will provide the company with its big pay-off by this time, it claims.

The two goals, improved design and cost-cutting, are interlinked. A successful remake of its model line and a move into luxury vehicles depends in large part on the skills of its component makers, Nissan argues.

Matsuura puts the case: "The good thing about Japanese parts manufacturers is that they can design on their own. Only the top-class parts makers overseas, like TRW, Borg-Warner . . or the parts division of GM or Ford can achieve that level of service. Other parts makers can't deliver."

Despite these qualities, however, Nissan constantly has to pressure its suppliers for lower and lower costs in order to keep its own business from dropping into the red. This pressure is applied gently, according to Matsuura. "We have no history of lay-offs here, so this situation is difficult for us."

Early retirement schemes and no new recruitment, he says, will allow the parts companies to shed 30 per cent of their labour in 5 years.

A much faster method of achieving cost savings is to increase imports of raw materials from overseas. "It's easy to tackle and it's a priority," he says.

Next, Nissan is encouraging its component makers to set up overseas facilities in places such as Korea or Mexico. "The Japanese are successful in transplanting efficient Japanese manufacturing overseas. Now we must transplant the parts technology," says Muramatsu.

"So we ask our suppliers to go abroad. Alternatively, we can change our specifications so our parts can be more easily made by domestic suppliers," he says. The latter proposal, he says, is under consideration and will increase over time.

Nissan is also helping the subcontractors to increase factory automation and shed employment by assisting the companies to set up new businesses. These new businesses both absorb new workers and provide new sources of revenue.

For example, Ikeda Bussan, a Nissan seat maker, is now making furniture and theatre seats. Kato Hatsujo, a springs and fastener company, has managed to repackage its products into materials for girdle and bra makers. A Nissan door handle and key maker is now selling its wares to coin laundries and vending machine makers. Others have been more adventurous and have invested in a chain of Mexican fast-food restaurants.

A problem that Nissan has still to resolve in Japan is its dealers, almost all of which are making losses. Since Nissan has an equity stake in most of the dealerships, it is having to bear part of these deficits.

One well-known method for cost savings is not a live topic among Nissan executives. "We at Nissan should not interfere with each maker's own business, such as helping them to merge. It is not our business," says Matsuura flatly. "Theoretically, it could happen, but it hasn't happened yet."

Sales of the subcontractors, he points out, haven't fallen yet. Operating margins, however, have dropped over the last five years from 4 per cent on average to 3 per cent .

"I can say that the industry is now in a squeeze. In 30 years, it's the worst plight the parts makers have ever been in," he says. But he believes they can make it.

Nissan firmly believes that its new luxury car, due to be rolled out next year, will help put the company back on course. In the US, the car will be priced at about $30,000 and aimed to compete with the low end of the Cadillac range and the best of the European imports.

The company needs something like that to restore morale. Honda's stunning success in the US market has humbled Nissan. "They (Honde) are like a destroyer," muses Muramatsu. "We are a battleship. We move more slowly."

Which is the target, then? "Mercedes-Benz," he says with a trace of longing in his voice. "We have to add the image of a Mercedes-Benz to our corporate image. The image of Nissan must move up."

It may take a decade, but Nissan just might make it.

Management abstracts

Paperless office: myth or reality? *P Sweet in Accountancy Age (UK), 22 Oct 87 (1½ pages)*

Reports on Combined Lease Finance's attempts to achieve a paperless office. Describes the system adopted: a series of micros (Comart CP2000s + 3000s) linked together in an office-wide network with a terminal for each of the 44 members of staff. States that the 'diary' is the crux of the system, recording every transaction made by any member of staff anywhere on the network; notes that the next step towards the 'paperless office' is to establish computer links with both brokers and underwriters.

Management by example: developing transformational leaders. *D A Waldman in Business (US), Jul/Sep 87 (6 pages)*

Defines transformational leadership as involving dramatic organisational changes, developing a vision of what an organisation can be, and getting others committed to carrying out that vision; suggests that, although it may exist to a greater degree at the top of the organisation, it should filter through all management levels. Traces its antecedents, outlines the characteristics of transformational leaders (concern for individuals, intellectual stimulation and charismatic inspiration); stresses the importance of match between leaders and followers. Speculates as to the benefits it can provide for the organisation.

How do agencies deal with stress? *C Edwards in Campaign (UK), 23 Oct 87 (2 pages)*

A doctor reports. In this instance he assesses how two agencies: the small, Deighton and Mullen and the much larger, WCRS Mathews Marcantonio, support employees in a highly-stressed business – *advertising*. The jokey nature of D&M's ads seems to be reflected in a relaxed management style and company atmosphere. AT WCRS, with a reputation for being tough and working people hard, the atmosphere is much sharper with explicit demands on staff performance, though there are stress-reducing facilities, such as a gym.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Hush, hush, whisper who dares

ANTHONY HARRIS
in Washington

YOU CAN SEARCH the economics textbooks from end to end without finding any mention of tact – or for that matter tactlessness – as an economic indicator, but the events of the last few weeks suggest that it deserves at least a footnote. There have been some odd displays of behaviour on view, and all seem to have something to say about the international economy.

Exhibit 1 is Mr Alan Greenspan, chairman of the Federal Reserve Board. What provoked him was a letter to all the members of the Federal Open Market Committee from the Treasury Under-Secretary for Economic Policy, Mr Michael Darby. Mr Darby, who is a bit of an academic, had been brooding about the growth of real M2, which he thought was too slow for comfort, and he decided to share these findings with the FOMC just before their policy meeting earlier this month to set monetary targets for 1988.

Last Wednesday, after what amounted to a love-in with the House Banking Committee, Mr Greenspan went on to meet their opposite numbers in the Senate. In response to a decidedly leading question from Senator William Proxmire, he admitted that he had not been pleased.

"I objected quite strongly," he said. "I am reasonably certain that such actions will not occur in the future." And to drive the knife home, he added that he hoped that the members of the FOMC would not become so worried that they might be thought to be responding to political pressure "that we would feel forced to do the opposite."

Perhaps only somebody who has spent years listening to official denials that the UK Treasury and the Bank of England ever have the slightest difference of opinion can appreciate quite how strong this measured language is.

If the timing of his first congressional appearance had been a little different, Mr Nigel Lawson might have found himself in the line of Mr Greenspan's fire, though for just the opposite reason. In the weeks before the October crash the British Chancellor, who was setting up his stall as an international economic statesman, told the Americans not once, but several times, that they should support the dollar, borrow foreign currencies, and worst of all, raise interest rates.

Nobody likes being lectured, least of all by a country which used to be on the receiving end of American lectures – older readers may remember Mr Ed Yeo with displeasure. The resentment Mr Lawson aroused has been quite surprising to observe. Even now, more than three months since he last offended, grumbles are to be heard, and one Wall Street commentator only last week devoted a sour paragraph to Britain's own re-emergent balance of payments deficit. Mr Lawson, he suggested, might help the invisible account by trying to market the advice he had been offering free last year.

Why so touchy? Mr Greenspan spelled it out for members of the House. The US deficit and the burden of international debt were not in themselves, he opined, anything to worry about, since the numbers were small, measured against US national income, and the economy was now moving back to balance. However, the presence of so much foreign investment in Wall St did make the US very vulnerable to any wobble in financial confidence.

The reappearance of any inflation fears, in particular, could easily provoke another dollar crisis. Clearly the Fed cannot afford any impression that it is weak because it is responding to political pressure from the Administration to ease, or for that matter failing to respond to British requests to firm up. Monetary policy, Mr Greenspan might have added, is difficult enough, when you are trying to deal with the thing itself, since you have to spot inflation very early if you are to act in time. When you are trying to deal with *expectations*, you need all the help you can get.

Now Mr Lawson and Mr Darby would not be in the doghouse if they had chosen to entrust their thoughts to diplomatic channels, or to whatever secret channels are available to under-secretaries in this very open capital. You might think, then, that Mr James Baker, who as Treasury Secretary had to do the actual carpeting of Mr Darby, would have drawn some conclusions for his own use. On the very day that Mr Greenspan's anger was published, however, he was openly lecturing the Koreans on their exchange rate, allowing barely a day of honeymoon for the new Government there.

Mr Baker, who is a skilled poker-player, can hardly have expected this bluff to work. New governments do not establish their authority by giving way to foreign pressure as soon as they take office. His remarks were almost certainly intended for the newspapers back home. At a time when Mr Richard Gephardt is proving that tough talk on trade wins votes, the Administration must prove that it is not soft.

This is not altogether easy at the moment, because of the unexplained silence which has set in on the topic which used to generate most Administration noise: Japanese policy. This used to be good for a hairy-chested speech at almost any time. But ever since the Reagan-Takeshita summit last month, not an unkind word has been heard. This is one of those silences which Sherlock Holmes would have appreciated: like the dog that didn't bark, it says a lot.

One thing it says, which is not secret, is that Mr Reagan and the Japanese Prime Minister got on extremely well. The word is that while Mr Nakasone (his predecessor) was extremely good at statesmanlike speeches, Mr Noboru Takeshita gets things done. Nobody knows quite how he does it, but the turnround in the Japanese economy has exceeded all expectations.

The stability of the Tokyo stock market, which is generally seen as the most vulnerably over-valued in the world, is a source of outright wonder. Mr Takeshita is given a good deal of credit for that too, and since his influence is thought to extend to persuading Japanese institutions to buy US bonds, it is precious to the Americans.

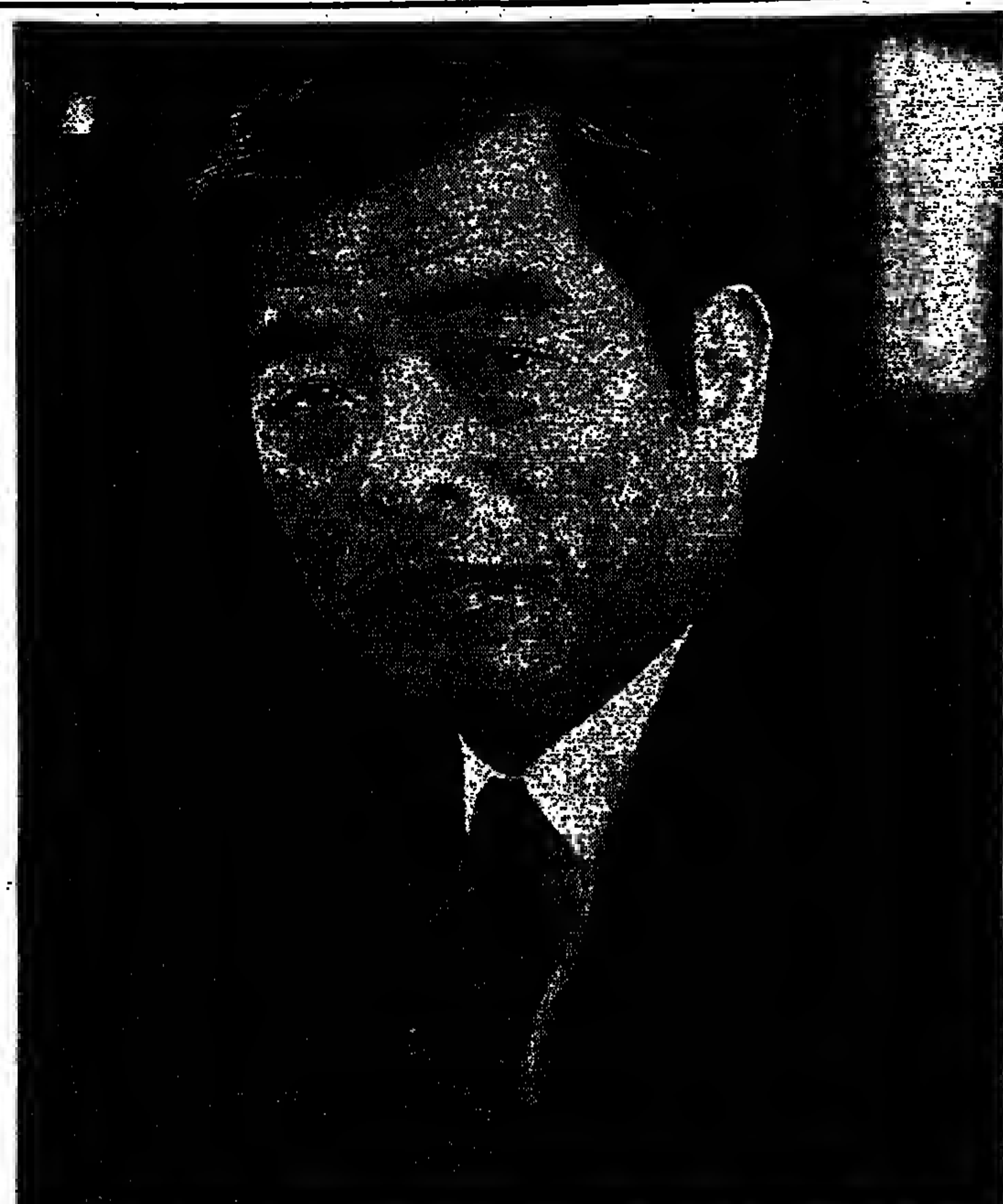
It seems that, while he was in Washington, Mr Takeshita modestly conceded that he did, in fact, have pretty widespread influence, but he would have even more if the public pressure from Washington were to ease up. As Mr Greenspan would be the first to appreciate, it is an important matter of face. The results Mr Takeshita achieved show that he has impressive influence on both sides of the Pacific.

This influence, combined with the new-found moderation of the American consumer, do seem at the moment to hold out a realistic hope that the American economy will after all achieve a soft landing, thanks in part to the fear last October that it would not. Weak commodity prices and flat sales seem to be holding inflation at bay despite the enormous devaluation of the dollar, and for the time-being, the fear of recession seems to have faded too. But with so much riding on market confidence, nobody had better say a word out of turn.

INTERVIEW

Frankness between friends

Carla Rapoport talks to Miti's Makoto Kuroda, a man at the centre of Japan's delicate foreign trade relationships



MAKOTO KURODA, Vice-Minister for International Affairs in Japan's Ministry of International Trade and Industry (Miti), is driven to work each day in a General Motors Buick, a symbol of Japan's willingness to import foreign goods.

But Kuroda is not very happy with the arrangement. "I'm afraid that because of budget constraints, my car is not the kind meant to be used for chauffeuring. The rear seat seems to be suitable for only children or dogs or cats," he says with a smile.

Miti's chief trade negotiator is not known for his reluctance to speak his mind. He is outspoken, blunt, even arrogant. He speaks English fluently, loves to travel and to play bridge into the night. Like many others at his level of the bureaucracy, he dearly wants Japan to be better friends with the West . . . but not at any price.

During his tenure, Kuroda, aged 55, has seen Japan's image turn from an economic success story to that of an economic ogre. The charge, he says, is entirely unfair. Japan doesn't cheat, conspire or mislead. Japan simply has a better planned economy than most of its trading partners. Japan, he says, is misunderstood.

Looking at Japan's long-simmering trade disputes with the US, he says with animation: "Some US businesses are mistakenly depending on government negotiations. The US administration is facing some pressure from Congress to declare that US trade policy is to attack its trading partners." Behind this pressure, he says, is the belief that "the other side is doing something wrong, which is the reason why American exports are not increasing. We cannot deny all these allegations, but their effects are very small."

"American trade policy, unfortunately is focusing on that policy, so some businessmen are using those negotiations to promote their own cause," he says.

But surely Japan, primarily Miti, promotes the causes of industry? Yes, says Kuroda, but in an entirely different manner. Miti nurtures industry, he argues, helping to guide it away from a crisis in the first place rather than helping to dig it out of one later.

Despite Washington's willingness to attack its trading partners, Kuroda believes that the US government's attitude towards business is basically adversarial. "Government is considered to be necessary because of the need to control industry's abuses. In Japan, as in many European countries, government is here to foster industry."

This is done through consultation, planning, advice and guidance by Miti officials. Although this system smacks of a kind of control seen in planned economies, Kuroda says its real strength is that it has always been based on free market principles.

One example, he says, is that Japan, unlike the US, passed the full force of the 1970s oil price rises straight on to consumers. "We had no other way but to absorb all the price hike in the market. The result, I think, is very clear: our way of conducting the economy is much better, because the economy has adapted fairly flexibly to these changes. And that has built confidence amongst government officials as well as businessmen to rely on the force of the markets," he says.

● PERSONAL FILE

1932: Born in Tokyo
1955: Graduated from Tokyo University, Faculty of Law
1955: Joined Miti
1968: First Secretary, Permanent Delegation of Japan to the International Organisation in Geneva
1974: Director, International Trade Division, Consumer Goods Industries Bureau
1984: Director-General, International Trade Policy Bureau
1986: Vice-Minister for International Affairs

Mr Kuroda argues that the sharply rising cost of Japan's oil imports, which absorbed 5.5 per cent of the country's GNP by 1980, prompted the huge export surge of the 1980s. Since the appreciation of the yen, however, exports in yen terms having been steadily declining. The dollar figures have not been so obliging, he admits. When the yen/dollar exchange rate stabilises, he says with confidence, the dollar surplus will also markedly decline.

He also rejects the notion that Japanese companies have been too oriented toward exports. He points out that exports as a percentage of GNP had dropped to just 10 per cent by September last year. The economy is currently undergoing a switch, with growth now led by booming consumption at home. The battle to boost domestic demand, he says, was engineered by Miti, against fierce opposition by the more conservative Ministry of Finance.

Japan's record on imports is another area where Kuroda gives little ground. The US effort to sell semiconductors in Japan, he says, "is like trying to sell fish to the fish shop . . . we make these chips ourselves!" When reminded that Japan signed a bilateral agreement with the US in 1986 to boost its purchases of chips, Kuroda says: "No, no. We will encourage people to buy more, but there is no agreement at all of a guarantee of these purchases. They cannot take place by the decision of the buyers alone, there should be an agreement between sellers and buyers." US companies must work harder to crack the Japanese market, he says.

Japan only agreed to the chip pact, he said, because of the gun placed to its head in the form of a threatened "301" unfair trade action against Japan. That action also alleged dumping of chips in the US. Miti has since worked hard to eliminate the dumping problems and claims to have achieved a victory. Even so, Kuroda believes that allegations of dumping are often used as a political tool to punish Japan.

In fact, he believes that Japan has been much too naive in trade negotiations. Miti, he says, has helped hundreds of foreign companies solve their import problems in Japan, at the government's expense. This was unprecedented generosity on Japan's side, he says with some bitterness, but it has gone completely unrecognised by Japan's trade partners.

Mr Kuroda is a proud defender of the Japanese bureaucratic system, but he admits that it does have faults. Its main weakness, he says, is the limited amount of flexibility on issues where there is total control by one ministry. "A good example of this is agriculture," he says, admitting that Japan has been fairly criticised for its slowness in liberalising its protectionist farm policies.

The strength of Miti, he believes, is its dedication in planning for the future. "We are always trying to establish a kind of vision of the future which we hope will create good guidelines . . . give some direction on the way to cope for business people," he says.

"I'm always emphasising that the vision-making process may be more important than the vision itself because no one can ever predict the future in an accurate manner. We are bound to make mistakes. No one predicted this magnitude of the yen appreciation. But in the course of making the vision – consensus-building may be the word – there is an exchange of views and opinions and perspectives.

"I think this is a kind of mental exercise. This exercise gives some instinctive preparation for the possible changes which we are likely to undergo. Also, at least so far as we have some confidence that it is of some help, that is the reason we can keep good relations with industry," he says.

If Miti makes mistakes, it will lose industry's respect and its power to guide industry, he claims. But this ability to build a consensus and work behind the scenes leads to a great deal of misunderstanding of Japan in the West, he says.

"I think many groups of people consider themselves to be not well understood by others, but in our case it has become famous because we are rather slow and not very good at rebutting criticisms. I am not saying we are a somewhat different species from others but here in Japan silence is golden, eloquence only comes next. I expect others to assess, to understand me, if I do something seriously," he explains.

He says that in America and in many European countries people are more diverse than in homogenous Japanese society. As a result they are more combative. "Their history is somewhat different. Each country should have its own tradition and culture but it's necessary to accept that many kinds of people exist; we have to live together and that may require some special consideration on our part."

For Kuroda, those lessons will soon be applied to industry, where he will go after he finishes his Miti career this June. He is not sure where he will end up, but he is sure that enforced retirement is a good thing. "Keeping bureaucrats young by asking elders to leave, in their mid-50s, makes sense. In some western European countries, the post of director-general is sometime held for five or even eight years. That is not fair. How can the ambitious young man stand this, waiting for his promotion? In our case, first and capable person is so sure of getting a responsible job, that this is our strength," he says. And at least he won't have to ride in that Buick anymore.

The value of self-esteem

JUSTINIAN

WHENEVER a person suffers an injury from a legal wrong, the law confers on him a remedy by way of compensatory damages payable to him by the wrongdoer.

Such damages encompass several kinds of compensation. They may include, not only both actual and anticipated pecuniary loss, but also any social disadvantage that results, or may be thought likely to result, from the wrong which has been done. An example would be the victim's failure to gain promotion in his chosen career. All those kinds of compensation are readily quantifiable as special damages.

The law will also award general damages for the intangible loss of a person's reputation, as in libel cases. The court has to do its best in assessing the value of a person's loss of reputation suffered as a result of a libel. In doing so, the court may take into account the victim's own conduct, his status in society, the nature of the libel, and the extent of the damage flowing from the libel, the absence or refusal of any retraction or apology. In short, the whole conduct of the defamer, from the moment of publication until the moment of truth at the court's verdict, is relevant.

These general damages may include, additionally, the natural injury to the victim's feelings – the natural distress felt at having been spoken of in defamatory terms.

But what if the wrongdoing results in little or no loss of public reputation, but is predominantly an attack upon the victim's self-esteem? That question arises pertinently from the legislation since 1976 which gives a victim of racial discrimination a right to claim damages. The first case in the Court of Appeal under the Race Relations Act 1976 has now indicated the law's valuation of hurt racial feelings.

In *Alexander v Home Office* (February 12) an Afro-Caribbean prisoner serving a prison sentence had been rejected for work in the prison kitchen at Parkhurst Prison because he had been racially discriminated against. The County Court judge at Southampton had seen two reports by prison staff in which the prisoner was described as displaying "the characteristics of black people in this country – being arrogant, suspicious of staff, anti-authoritarian and devious."

For being racially stereotyped, the judge awarded the prisoner special damages reflecting the differential of the higher pay for kitchen work and his actual pay for prison labour. In addition, he awarded him £50 for his loss of self-esteem.

The Court of Appeal concluded that such a sum of money was only minimal and hence devalued the public policy in the Act to condemn, even if it could not eradicate, racial discrimination in employment or in other areas of public life. It substituted an award of £500.

The court was conscious that libel damages were not an analogue for the loss of personal self-esteem as a result of racial discrimination. Unless there was an inference to be drawn that discrimination would cause the individual actual hurt of a particular kind, the mere fact that the wrongdoer was guilty of racial discrimination would not be a factor in calculating the award of damages.

Since the wound of racial discrimination is almost always personalised, the damages awarded are likely to remain modest in amount.

Is this approach by the judges appropriate to reflect public opprobrium of acts of racial discrimination? Ought not the prison service in the Alexander case be made to pay a rather higher price for indulgence in such racial stereotyping than a few hundred pounds?

In the field of libel the courts have not been slow to award aggravated damages to reflect indignation at injury inflicted on a libel victim, in making a generous rather than a more moderate award to provide adequate solace to those who suffer. For those who suffer racial discrimination, there is not merely the hurt of the moment, but the continuous knowledge that they are regarded by the racially discriminating as second-class citizens.

The Court of Appeal was alive to the fact that the finding by the County Court judge of unlawful racial discrimination as a vindication of the prisoner's claim was an irrelevant consideration in the award of damages, and ought not to have been relied upon to mitigate the award to which the prisoner was entitled. Yet, a more generous award would surely have been a more appropriate response in this first and precedent-setting decision of the Appeal Court.

A second appeal currently under judgment should more accurately reflect the policy of the race relations legislation, which is to promote actively racial harmony by condemning rather more vigorously the disharmony of racial stereotyping by public servants in the course of their official duties.

هكذا من الاصل

ARTS

Architecture/Colin Amery

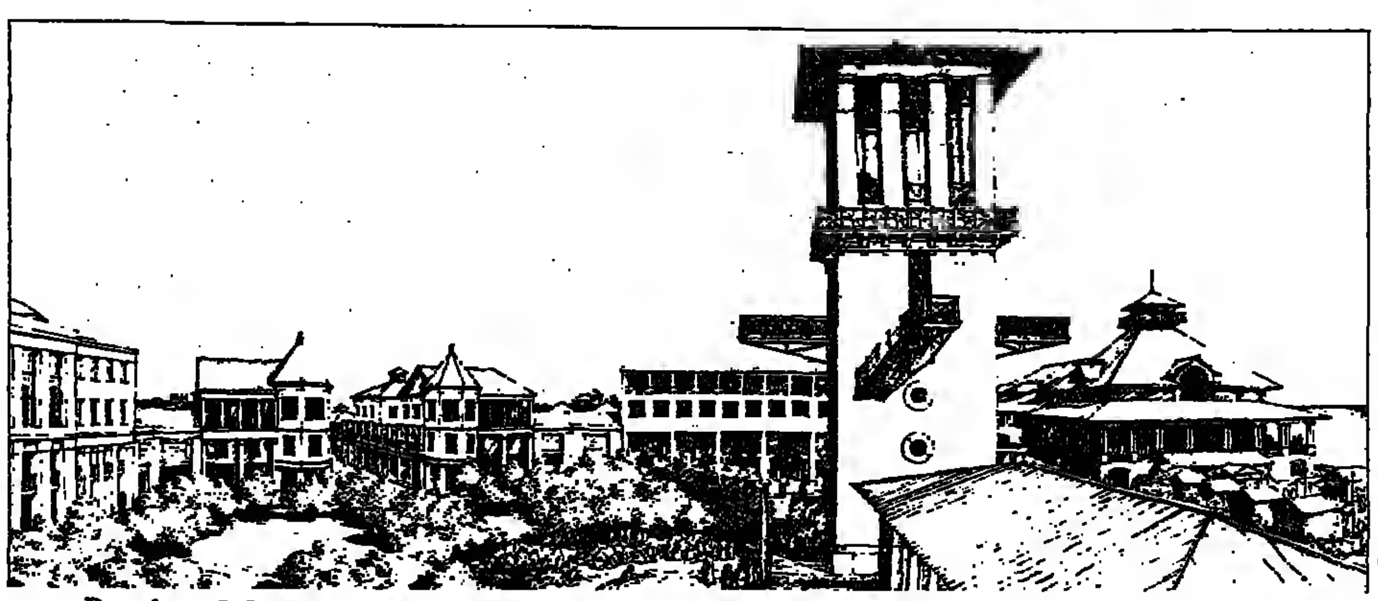
Oh, it is nice to be beside the Seaside

This year in the United States there is undoubtedly a rising tide of interest in the future of the city. There are two major conferences planned in the coming months. "Re-making Cities" is to be held in Pittsburg early in March and will consider ways of reviving inner cities and new approaches to grass roots recovery, and during April in Phoenix, Arizona a high powered gathering will be talking in the sun about "The City of the Twenty First Century."

Underlying this justifiable concern by architects, academics, developers and others in this subject is a realisation that the last major wave of urban renewal in the 1960's has blighted more cities than it saved. We live today (and Americans in particular) with the consequences of excessive homage to the motor car and a consequent acreage of urban sprawl that is scarcely more hospitable than the desert. The real problem for the next decades is to re-humanise housing while re-establishing the city as a centre of civilisation.

Conferences are not going to solve these giant problems overnight but they are essential to concentrate minds on the great need to discover common purposes in the recovery of the cities and the healing of communities. The Prime Minister spoke at the beginning of the year about the need to mark the coming millennium by a process of beautification of British cities. In the United States, the Mayors' Institute for Civic Design has not shirked the key problem of architectural design quality at a recent meeting at the University of Virginia.

There is no shortage of ideas; the difficulty is to channel them into effective results. For example, for several years artist and theorist Leon Krier has been writing about a new approach to the planning of cities. He wants to see an optimum size for communities within cities – a sense of the "quartier," and a form of picturesque planning that takes account of views, vistas and monuments. And it is almost ten years since American architect Roger Ferri architect published his proposals for "The Pedestrian City" and exhibited them at the Museum of Modern Art in New York. This was an idealistic, but possible concept for the removal of the car from its dominant and destructive position in our urban culture.



Drawing of the centre of Florida's new town of Seaside dominated by Leon Krier's lookout tower

I have just seen the first flowering, albeit on a modest scale, of some of the new thinking on town planning matters in the US. Robert Davis, a property developer, inherited in the late 1970's some 80 eighty acres of land along the beaches of Western Florida near Panama City. He could so easily have chosen to follow the style of almost all the other seaside developments and built high-rises on the shore, surrounded by the detritus of shopping malls, Krazy Golf and ubiquitous "Strip" architecture. Instead he chose a much more difficult and rewarding path: he chose to build a model town and call it Seaside.

The town plan with zoning and building codes was drawn up by a firm of young architects in Miami, Andres Duany and Elizabeth Plater-Zyberk. Throughout the project Leon Krier acted as a consultant. Seaside is therefore the first built project to be influenced by his thinking, and his influence will extend to his own house and some of the public buildings. Seaside happens to be precisely the size of one of Krier's ideal city communities.

The Miami architects have strong views about planning and the suburb. They complain about the absurdity (in much of America) of having to drive to buy every pint of milk, of not knowing neighbours, of the hideous gap between the quality of life for those in well planned communities and for the majority who are victims of urban sprawl. Their planning work has been much influenced by the early twentieth century English planner Raymond Unwin and his pupil John Nolen and they have a mission to make Seaside the model for the next American suburb, and there are lessons there for Europeans too.

Seaside is a resort town of some 350 dwellings of different types, up to 200 lettable units with a shopping centre, church, conference facility and a range of recreational buildings. At present it is less than half built. The first major town centre mixed-use building is under construction, and there are enough houses to allow the plan to read and a sense of the place to emerge.

The fact that there is already a strong identity to Seaside is due to one factor: all the houses have been built to fit in with a strict building code. The architects have devised a single one page document that allows the purchasers of the individual plots to commission architects, who then have to follow the prescribed code. This controls frontages to the roads to ensure that enough of each site is filled to create a proper street line; height, roof pitch, size and configuration of porches is laid down, and towers are encouraged to allow views of the sea.

Materials are tightly controlled, houses are mostly timber with tin roofs, giving the place the air of a nineteenth century Southern town. Landscaping is equally constrained – natural and indigenous planting only. The rules change from neighbourhood to neighbourhood, sensibly allowing diversity of character.

The Code is the key to the success of Seaside, a brilliantly simple document that is meticulous, but not prescriptive of variety or design development. Public buildings are not subject to the code, and indeed it is important to note that in all cases "variances are allowed on the basis of architectural merit." The architects feel so strongly that a town must be designed by a variety of hands that they have themselves declined to design anything beyond the plan and the code. At the end of each street is a pavilion acting as a gateway to the beach – a place to sit or shower after a swim; these are the sentinels of the town, all timber and trellis and richly various. An impressive range of architectural talent will be working at Seaside: Leon Krier will build a remarkable tower at the very centre of the town; others include Steven Holl, Robert Stern, Walter Chatham, Roger Ferri and Deborah Berke.

The architectural flavour to date is derived from the local vernacular. It is not pastiche, but it is traditional, and the result is undeniably pleasing and relaxed. The place is mercifully free of post-modern whimsy and depends for its effectiveness on well crafted simplicity; the toy town quality will fade as the bright newness wears off; the car is kept in its place – parking is allowed in front of the houses, but it is not unduly intrusive.

Seaside's contribution to the planning debate will have to be assessed when it is a complete town. But it is already effective as a demonstration of enlightened control. A Town Architect is appointed to serve for a year, changing regularly to ensure that one aesthetic does not dominate the town. His or her job is to operate the code effectively.

The owner/developer lives full time in the town, and certainly his presence and interest in every detail has ensured a kind of enlightened patronage that is exceptionally rare. Sensible rules simply applied is what this new town is all about. Although small, it is light years on from the cities created and ruined by statistically based planning, and the methods that are making Seaside such a visible (and financial) success could easily apply to other towns and cities: reforms for the urban future could well spring from this inspirational start on the coast of the distant Gulf of Mexico.

Un ballo in maschera/Covent Garden

Max Loppert

It was nobody's fault that Friday's *Ballo* revival should have been such a fitful, uncomfortable affair. But once again it was unfortunate that one of the Royal Opera's 1987-88 pieces of prestige casting should have turned out to offer sad reminders of the sheer chanciness of International Opera (and to lovers of this opera it seems particular unfair that in recent times it is regularly the chosen Verdi vehicle for those reminders in this house).

The leading role of Gustavus had been confided to Giacomo Aragall, who on Friday was suffering a very bad throat; he bravely, but as it turned out unwisely, agreed to go on, and sang with painful unevenness, turning some phrases very elegantly, reducing whole passages (his solos, notably) to touch-and-go. This left a large shadow over the whole evening: it's not a happy sign, in this of all operas, when one sits longing for the tenor to be offstage, and no doubt this explains why Richard Armstrong, who has conducted the work with such mastery for the Welsh National, seemed to be doing not much more, for most of the evening, than holding onto the reins with glum determination.

There is, however, the promise of a superior house revival here still – the old Schenk production may, in present condition, permit no more than stock moves and posturing principals, but the remainder of those principals are at least competent, and in one case splendid, Verdi singers, and on another night things may work out quite differently. Irina Arkhipova is not the severely magnificent Ulrica one had hoped for from the great Russian veteran – the Italian language inspires in her no detailed response – but the line is certainly solid. Judith Howarth, in spite of one or two places where vocal problems remain to be solved (the high solo cadenza in the quintet, for instance) is a delightful spirited, intelligent, sparky Oscar. As the young sailor Anthony Michaels-Moore takes his small chance with both hands.

The pre-premiere defection through illness of the originally chosen Renato allows the Royal Opera to introduce the young Romanian baritone Alexandru Agache to London. He's not much of an actor, and has not much of a stage presence, but the voice is of wonderful quality, evenly delivered from a brilliant top to a firm low range, with Latin warmth counteracted by a touch of East European melancholy in the timbre. He provided the evening's only samples of genuine Verdi singing: with hard work, proper musical guidance and contact with sensitive producers, he may turn out to be the answer to many opera-house prayers.

Remains the Amelia of Margaret Price, warmly greeted by a house too infrequently supplied with her most significant operatic performances. With regret one must note that her Amelia seems to have arrived here a little late, to judge from the frayed extremes of her compass. Verdi, who regularly chose distinguished non-Italian sopranos for his leading roles, would surely have admired her exquisitely supple and fine-balanced handling of cantilena, the care lavished on detail, the thoroughness of the musicianship. But would he have welcomed the fluted, un-vibrant, un-Italianate sound of the voice? Response to a singer's tone is at root a matter of personal taste, and it is therefore as a personal confession that I admit to having found Miss Price's Amelia, for all her tremendous virtues, cool and quite unmoving.

Alastair Muir

Margaret Price and Giacomo Aragall

Our Man in Havana/Jeannetta Cochrane Theatre

Paul Driver

Under its director Tom Hawkes, Morley Opera has been successfully tackling lesser-known works for the last couple of years and now (at a time when the threat to the ILEA is a threat to Morley's existence) it has mounted an impressive etaging of Malcolm Williamson's opera *Our Man in Havana*, composed to a libretto by Sidney Gilliat (after Graham Greene's novel) in 1962-3, first produced at Sadler's Wells in 1963, acclaimed, and in this country, hardly heard of since.

The work is long and fairly elaborately plotted; on first acquaintance it is difficult to see why it should have ever become an opera at all. The libretto stsys close to the novel; the opera stays close to the libretto. There is no overt transformation of situation and text into specifically operetic images or forms, although there is a perpetual likelihood that the opera will collapse into a musical. Williamson would appear to have wanted this ambiguity, and it is felt not only in the Rogersish or Bernsteinian flavour of the (excellent) choruses but in the light tone of the score, a lightness which can suggest at one moment Verdi or Britten, at the next Mantovani. Rather like Malcolm Arnold, Malcolm Williamson can instil into a popular and aurally easy idiom some alarming significances. What he can't or won't do is throw in a few memorable songs; and, in spite of the lavish Cuban colour, we are left in the end with "modern opera" and all it *arioso* awkwardness.

This production by Tom Hawkes in the Jeannetta Cochrane Theatre was nicely conceived, and attractively designed. Lawrence Leonard drew a greet deel of vigour from the Morley Opera Orchestra, which, all the seme, was distinctly overstretched at times. Lynton Atkinson, who played the part of Bramble the vacuum-cleaner salesman and reluctant spy with an almost Buster Keaton-like po-faced diffidence, had constant difficulty projecting his pleasing tenor across the pit; but the sturdy bass-baritone of Robert Torday – a convincing Dr Hasselbacher – ceme over easily. Shona McBay, as Bramble's daughter Milly, made much of her passages of near-coloratura displey; Christina Morgen seng well as Beatrice. The chorus, which hed the best music, rose to its occasion every time.

The Possibilities/Almeida

Michael Coveney

On the night the Almeida in Islington unveiled an intriguing programme of ten short, savage plays by Howard Barker, the news came through that the theatre's public revenue funding is to be cut by 12 per cent. Two of the reasons given are the all-white composition of the board and an insufficiently multi-racial audience.

You could not expect pigmy politicians (I hope the image is adequately inter-racial) to be aware of the fact that the Almeida has done more for internationalism in music and theatre than anywhere else of comparable stature and resources in London.

This Barker programme is a direct result of another valuable strand in the operation, the Not The RSC seasons begun by the Ian McDiarmid/Kenneth Branagh Barbican company in 1984. McDiarmid, a Barker veteran, or Chief Barker in Variety Club parlance, has directed the scenes with a tenacious regard for their moments of stress, and set them all in a grey boiler room (designed by Julian McGowan) with a steel platform, obtruding black drainpipes, rubble, and an an overhead forest of grey brick clouds. The aky has been colonised.

The impression is of drama enacted on the sidelines of war and political upheaval, as in Shakespeare and Brecht. A family of Turkish carpet weavers discover a new colour in human blood; a boy goes off to the hospital to fetch a bucketful and returns to find his father killed, the rug appropriated. On a rain-lashed night, e woman opens her door to terrorists who seize her husband. She smothers her child with a pillow in order to preserve her freedom to open a door at night.

These first sketches explode from within like grenades. Not all the rest matches their ability to illustrate moral and ethical behaviour in a flash of crisis. A curious study of Jndith, triumphant over Holofernes, lopping off a woman's arm, descends into meaningless bathos ("Get me to some hand man, quick" cries the the one-armed pundit). And a feminist critique of ankle-flaunting in a post-Revolutionary boiler-auit state gets bogged down in pions inversions of cliche. ("Men who lust after me must bear their suffering").

But even that scene is given a theatrical twist by the lolling upstage presence of Douglas Hodge as an insouciant Everyman. The same marvellous actor plays Alexander, trembling with guilt in his tent as his men's throats are cut within hearing distance. His matter-of-fact groom (Nicholas Woodeson) reminds him that the Turk is ewift with the knife, though not so swift as the Bulgarian. This is a wonderful vignette, the Emperor existing only in his own third-person definition, his uniform meticulously laid out like a body on a slab.

There is s Gothic strain to the tale of a Polish torturer ("I am not solitary, but neither am I convivial") finding shelter before murdering his hostess's son. The glittering horror etory contains a condensed philosophical debate on the comparable merits of flaying and fawning as an occupation. Drama critics please note, I seemed to infer.

Heather Canning deals wonderfully well in undercutting small talk and silent screams, but easy laughter is not this playwright's forte. Except when he unbuttons, gloriously, in the ramblings of a paranoid, mean bookseller(Mr Woodeson in top form) on the Embankment, hugging dangerous knowledge to himself in full expectation of the consuming fires. I used to know *someone* just like him on the streets of Tehran before the Ayatollah.

The cast of five is an outstanding one, new notes of harsh, explicit despair sounded by Suzanne Burden as a dithering, sex-starved young war widow, and by Michael Grandage as various astonished bystanders. Katharine Rogers displays extranrdinary range and versatility.

Not even she, though, can salvage the worst piece, a trite confrontation between an occupying lieutenant and three peasant women who murder him.

Mr Woodeson is the officer, but I prefer to remember him as the barmy bookseller with a pantechnicon of truth that might lever up the world. What else are books for?

Alastair Muir

Heather Canning and Michael Grandage in "The Dumb Woman'e Ecstasy"

Hallé Orchestra/Barbican Hall

David Murray

With Stanislaw Skrowaczewski happily settled in as conductor of the Hallé, their London visits have become e regular pleaeure; the full house on Friday, however, *may* have *had more* to do with their guest Mstislav Rostropovich, on hand to play Dvorák's cello concerto. By now there must be few music-lovers anywhere who heven't heard him in the Dvorák (and recently his third recording of the work has appeared). Nothing in his performance has wilted: the first solo entry had the vitality and the giant tone that have always been memorable, and later the sudden drops into pianissimo were as dramatic and yet as natural as ever.

Still, it is no longer necessary to discuss this Rostropovich evergreen, and though Skrowaczewski ensured a sound accompaniment for it there was nothing special to note in his treatment. The orchestra had already done itself credit in Berlioz's overture "Le Corsaire": at the start the strings fairly sizzled, and further into the piece the distinct brass voices were beeutifully graded, without noisy glare. Skrowaczewski lavished Romantic graces upon the lyrical near-recitatives, which palpitated with delicate subtleties. Berlioz wonld have been delighted, though it is unlikely that he could have found any band capable of such finesse.

The First Symphony of the nineteen-year-old Shostakovich remains one of the most precocious successes of our century. Skrowaczewski took much of it daringly fast, and on a very tight rein – the tempi rarely yielded for point-meking, which was accomplished insiead by clean switches of tone and colour. The few loud climaxes were trimmed down to brief, effective bursts. If the conductor was refusing to imitate the massiveness of middle-period Shostakovich, the paradoxical result was to reveal how much the composer's mature voice can already be heard in this remarkable score.

The work is particularly generous to solo instruments, and the Hallé first-desk players took their opportunities with such assurance that even to single out, say, the impeccable, long-breathed oboe or the plangent cello would be invidious. Having a central team of this quality helps explain why, these days, the whole orchestra sounds so musicianly.

Arts Guide

February 26-March 3

Music

TOKYO

NHK Symphony Orchestra, conducted by Tadaaki Odaka. Cities and Music from eround the world. New York – Music on Street Corners. Bernstein. Gershwin. Ives. Suntory Hall. (Mon) (505 1010).
Japan Philharmonic Orchestra conducted by Kazuo Yamada, with Frederick Mnyer (piano). Rachmaninov, Beethoven. Tokyo Bunka Kaikan (Mon) (234 5811).
Wien: musik um 1900. Chamber music by Wolf, Schoenberg, Mahler, Berg, Webern (Tue, Wed). Parco Theatre, Shibuya (477 5858).
James Galway (flote), with the Tokyo Symphony Orchestra. Programme includes Mozart's 2nd flute concerto. Showa Women's University Hitomi Memorial Hall, oear Sangenjnya (Wed). (470 1944).
Japan Philharmonic Orchestra, conducted by Tetsuo Honna, with *Shinobu Satoh (soprano)*. Frederick Mendelssohn, Georges Bizet, Edvard Grieg, Peter Tchaikovsky. Suntory Hall (Thur). (234 5911).

PARIS

Salzburg Orchestra Ensemble plays music from the Imperial Court in Vienna and Salzburg (Mon). Salle Gaveau (45 63 20 30).
Katia Ricciarelli recital, Vincent Scalera, piano (Mon). Théatre de l'Athenée (47 42 67 27).
Orchéstre Colonne condncted by Pierre Dervnux, Gerard Poulet, soloist: Elkboury, Beethoven, Stravinsky (Mon). Salle Pleyal (45 63 88 78).
Haydn and Mozart (Tue). Saint-Roch Church (42 61 93 26).
Orchéstre Nntional d'Ile de France conducted by Jacques Mercier, Gerard Jarry, violin: Beethoven, Pierre Henry (Tue). Salle Pleyel (45 63 88 73).
Ventsislav Yankoff, piano. Beethoven, Schumann, Chopin (Tue). Salle Gaveau (45 63 20 30).
Czech Philharmonic Orchestra conducted by Vnclev Neumann plays Janaček, Dvořak (Wednesday); Janaček, Martinů (Thursday), Paris Opéra (47 42 57 50).
Orchéstre de Paris coodncted by Daniel Barenboim, Scriabin, Tchaikovsky, Denisov (Wed, Thur). Salle Pleyel (45 63 88 73).
Yevgueni Malinin, piano: Chopin (Thur). Salle Gaveau (45 63 20 30).

ITALY

Florence, Teatro Comunale. Christopher Hogwood conducting soprano Anastasia Tomaszewska Schepis, mezzo-soprano Gloria Scalchi, tenor Luca Canonici and bass Carlo del Bosco in Bach and Mozart (Mon and Tue). (277 9238).
Naples, Teatro san Carlo. Soloists from the Lincoln Center, New York (Mon and Tue). (41 71 44).
Parma, Teatro Regio. Rudolf Barshai conducting the Arturo Toscanini Orchestra in Mahler's 6th symphony (Wed). (79 58 78).
Rome, Auditorium in Via Della Conciliazione. Antoni Wit conducting Petrassi and Szymanowski (Mon and Tue) (654 1044).
Rome, Teatro Olimpico in Piazzagentile da Fabriano. Cleveland Quartet, Beethoven (Wed). (39 33 04).

LONDON

Royal Philharmonic Orchestra conducted by Richard Pittman with Christian Blackshaw, piano. Serge Prokofiev, Aram Khachaturian, Serge Rachmaninov and Nicolas Rimsky-korsakov. Royal Festival Hall (Tue). (928 3191).
Philharmonia Orchestra condocted by Bramwell Tovey with Robert Brightmore, guitar. Mozart, Bandel, Rodrigo and Beethoven. Barbican Hall (Tue). (638 8891).
Tony Bennett with the Ralph Sharon Trio and members of the London Symphony Orchestra. Barbican Hall (Wed).
BBC Symphony Orchestra conducted by Lothar Zagrosek. Joan Rogers, soprano, Alfreda Hodgson, contralto, Anthony Rolfe Johnson, tenor and Gwynne Howell, bass. Beethoveo, Alban Berg and Mozart. Royal Festival Hall (Wed).
Craig Shappard, piano. Robert Saxton, Robert Schumann and Beethoven. Queen Elizabeth Hall (Wed). (928 8191).
City of Birmingham Symphony Orchestra conducted by Simoo Rattle with Alfred Brendel, piano. Stravinsky, Beethoven and Lutoslawski. Barbican Hall (Thur).
London Philharmonic condocted by Andrew Davis with Gordon Hunt, oboe. Delius, Strauss and Prokofiev. Royal Festival Hall (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. Ken-Ichiro Kobayashi cooducting the Netherlands Philharmoolc with the Marc Laforet, piano: Chopin, Straoss (Tue, Wed). Riccardo Chailly conducting the Concertgebouw Orchestra: Berio, Stravinsky (Thur). Recital Hall: Philip Hirschorn, violin, and Ronald Brautigam, piano: Schubert (Tue). Trio di Milan: Schumann, Debussy, Shostakovich (Wed). The Tokyo Quartet: Mozart, Beethoven, Debussy (Thur). (71 83 45).
Utrecht, Vredenburg. The Hagoe Philharmonic conducted by Hans Vonk, with Anthony Rolfe Johnson, tenor, and Viceote Zarzo, horn: Britten, Shostakovich (Mon). Bach's St John Passion, Jaap Hillen conducting the National Philharmonic, choir and soloists (Thur). (31 45 44).
Rotterdam, Doeleo. Recital Hall. The Bartok Quartet: Mozart, Ravel, Schubert (Tue). The Orlando Quartet: Schubert (Wed). (418 2490).
Netherlands Bach Society choir and instrumentalists conducted by Rene Jacobs, with Nellie van der Sijde, soprano, and Nico van der Meel, tenor: Carissimi, Charpentier. Monday in Groningen, Martinikerk; Wednesday in Utrecht, Geertekerk (030-31 93 53).
Moscow Chamber Choir. Russian choral music performed by the onder Vladimir Minin. Tuesday in Maastricht, Staargebouw (29 38 28), Thorsday in Haarlem, Concertgebouw (32 09 94).

NEW YORK

Musical Elements. Daniel Asia and Robert Beaster music directors. Brown, Copland, O'Brien, Benjamin (Tue). Kaufmann Hall, 1395 Lexington Av (996 1100).
Chamber Orchestra of Europe. Claudio Abbado conducts, Maurizio Pollini piano. Schubert, Schumann, Wolfgang Rihm, Stravinsky (Wed); Clsudio Abbado conducting, Teresa Berganza mezzo-soprano. Prokofiev, Mahler, Schoenberg, Mendelssohn (Thur). Carnegie Hall (247 7800).
Specalum Musicae. Anthony Davis piano, Constantine Cassolas tenor. Allen Anderson, Miriam Gideon, Stefan Wolpe, Anthony David, Karlheinz Stockhausen (Moo). Merkin Hall (362 8718).
New York Philhnrmonic. Zubin Mebta coodncting, Lynn Harrell eello, Thomas Stacey, oboe d'amore. Telemann, Schobert, Dvořak (Tus); Klaus Tennstedt conducting. Mozart, Beethoveo (Wed, Thur). Avery Fisher Hall (874 2424).
Wnverly Consort. The Triumpb of Maximilian captures tbe nge of Durer in music by Heinrich Isaac, Paul Hofhsimer, Lodwig Senfl, and Thomas Stoltzer with sackbuts played by Steven Lundahl, Ben Peck snd Msek Ramsey (Thur). Alice Tully (362 1811).

WASHINGTON

National Sympbony, Sir Neville Marriner conducting. William Steck, violin. Schumann, Vaughan Williams Stravinsky (Tue); Mstislav Rostropovich conducting. Ann-Sophie Mutter violin. Sibelius, Bruckner (Thur). Kennedy Center Concert Hall (254 3776).

CHICAGO

Michala Petri recorder and Hanne Petri harpsichord recital: Handel, Heberle, Corelli, Telemann, Buck, Staeps, Quantz (Tue). Orchestra Hall (485 8111).

Warren Zeavon/Hammersmith

Antony Thorncroft

Warren Zeavon is a cult figure. You could tell because there were empty seats at Hammersmith for his first London concert in aeons and because there were constant shouts from yahoos in the audience who wanted him to indulge their half-remembered image of the man. "Put more feeling into it Warren", brayed one fan, himself with the sensitivity of Robert Maxwell.

Feeling is something Warren Zeavon does very well, along with humour, and that driving no-nonsense rock and roll, all weiling guitar solos and grumbling drums. If he did not look so much like Woody Allen with hair, Zeavon could have taken on the part in rock history grabbed by Bruce Springsteen. Zeavon'e songs, too, dwell on the limited horizons of blue collar workers in the midwest, and try to make sense of the American dream, and are performed with the same mesmerising intensity. He bas the machu misused voice of Springsteen, even deeper like the Californian canyons he inhabits.

But the gods favoured Springsteen for a billionaire and Zeavon does not seem to care too much. In fact a bit more commitment would have converted his concert into a work of art. Even so it was very diverting. He must have put any feminists in the audience into mental spasm by employing two girls in his four piece backing band (hooray) but letting them trip on stage wearing skirts as short as an Arctic summer over legs as long as the Arctic winter (boo). But Karen Childs, introduced as a "synthesist", and Jennifer Condos on bass pleyed with the disdainful ease of goddesses. Greg Beck on lead guitar played like a 1970's "axe" hero.

There was little exposure for the introspective Zeavon, standing along at the mike, sucking a harmonica. In the main it was songs at the fuller throttle. One of his oddities is that he writes about internatioinal affairs, and has few rivals in songs about the role of Norwegian mercenaries in the Biafran war, or rather "Roland, the headless Thompson gunner".

Perhaps Zeavon is one of those artists who composes his greatest song over and over again. I would not like to pick out "Roland" from "Werewolves of London" or even his latest classic "Sentimental hygiene" down a telephone line wearing a balaclava helmet. But there is variety in the rest of his material. He sent up Southern inbreeding in "Play it all night long" and even slid in the rare love song, with the sadly nostalgic "Accidentally, like a martyr".

Warren Zeavon will never make the Radio One play list, but for intelligent, oddball, musically old-fashioned, totally satisfying music he has few rivals. He lacks the drive of his youth, or the pressure to please, but anyone who mixee the wit of Woody Allen with the musical weight of Springsteeo will probably survive .

FINANCIAL TIMES

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Monday February 29 1988

The City strikes back

THE DECISION to replace Sir Kenneth Berrill as chairman of the Securities and Investments Board is regrettable for two reasons. The first is that by ignoring Sir Kenneth's publicly stated wish to stay in office for a longer period, the decision has cast doubts on the direction and authority of the SIB at a crucial stage in its development. The second is that by replacing him with Mr David Walker, who comes from the Bank of England and is to remain a Bank director, the Government has raised a question about whether the SIB is going to be developed into an agency which in subtle ways will be different to what was designed by parliament.

The central complaint against Sir Kenneth is that in developing the rule books which are to govern Britain's investment industry, he has interpreted the new Financial Services Act too literally – and thereby threatened to stifle the financial services sector under a blanket of bureaucracy. If that is indeed the case, then it is the Act which should be under review, not the people who have been appointed to implement it.

Rules approved

There is a view in the Bank of England that the Act has been badly drafted, making the legislation unwieldy and over-complicated, and that it will need modifying. The Department of Trade and Industry has, however, formally approved the SIB's rule book. Does this latest decision mean that it, too, is now looking for changes? As things stand, any shift in emphasis will not be visible for some time, since Mr Walker does not take up his appointment until June. Meanwhile, there will be much uncertainty within the industry about whether all the efforts required to comply with the full detail of the Act will actually turn out to have been necessary.

Then there is the question of where the SIB is to fit into the UK's regulatory framework. There is an argument that the Bank of England should have a closer interest in the supervision of the securities markets, since the banking industry itself is increasingly involved in security-type activities. But that is not what was intended in the Financial Services Act: indeed, it is likely that if the Bank had pressed for wider statutory power in this respect, it would have been snubbed. The chairman of the SIB is accountable to the Secretary of State for Trade, not to the Governor of the Bank.

Mr Walker is an able man, and will no doubt go out of his way to demonstrate his independence from the Bank. But there may turn out to be a conflict between the role of a director of the Bank and that of the SIB chairman. This arises from the fact that the SIB has to perform two jobs: it has overall responsibility both for investor protection and for the working of the financial markets. Striking a balance between the two is extraordinarily difficult.

Serious problem

Sir Kenneth failed to persuade practitioners that the regime he wanted to introduce was compatible with efficient markets. The question is whether the balance will now swing too far in the opposite direction. It is no part of the SIB's job to act as a sponsor of the financial services industry, or of the City of London in its efforts to develop as a great financial centre. On the contrary, its task is to challenge established practices that work against the interest of the consumer, to encourage competition, and – when appropriate – to rock the boat. This is not the approach of the Bank of England.

Part of the present confusion arises from a serious problem of discontinuity at the Department of Trade. There have been many changes among the ministers responsible for drafting and implementing the legislation. A comprehensive speech from the Secretary of State setting out the future direction of the Financial Services Act and the role of the SIB is required.

Exercised over the Falklands

THE DIPLOMATIC furore provoked by the announcement of British military manoeuvres in the Falklands next month cannot be dismissed as formal posturing by Argentina.

Clearly Argentina has sought to wring the maximum propaganda advantage from Britain testing its capacity for rapid reinforcement of the Falklands' garrison. But the timing of these exercises has been so insensitive that damage could be done to the patient diplomatic efforts made in the wake of the Falklands' conflict to convince Latin America of Britain's desire to promote good relations with the region. The exercises come on the heels of an abortive military uprising in Argentina whose principal instigators were extreme nationalist officers who fought in the Falklands. As such they stir up the debate about the role of the military in Argentina's fragile democracy, encouraging those who want to rearm and reassert sovereignty over the islands.

Of course the Ministry of Defence planned these exercises some time ago, operating according to purely British military considerations: namely that Britain is pledged to defend the the disputed islands and a credible defensive policy must involve testing rapid reinforcement over the vast distance separating the UK and the South Atlantic. The aim of the exercise, so Britain has explained to its Latin American friends, is not belligerent; rather a natural precaution given that there is a notional state of belligerency with Argentina.

Poor timing

However, the combination of poor timing and crossed signals seems to have led to Britain's logic being poorly understood and little appreciated in Latin America. Like it or not, the message from the exercises is that Britain is not interested in dialogue with Argentina and cares little about the fate of Argentine democracy. As a result of the ensuing rumpus, Britain has been obliged to call off a ministerial visit to Brazil, the most important commercial partner in the region, and to Uruguay whose goodwill is essential, in the absence of agreement with Argentina, for the future development of the Falklands' fishing potential. Britain is also going to be put in the dock at the Organisation of American States and seems to have irritated some elements in the US Administration.

Mrs Thatcher can ride out such disapproval. However, this is unlikely to be a one-off affair since it is an inherent consequence of her commitment to assert British sovereignty over this distant outpost of empire. Britain cannot afford a large garrison, nor can it permanently allow the Falklands to divert its resources from Nato, particularly in a future where the US might play a lesser role in Europe. Thus the present garrison of under 1,800 is only credible, if at all, with a genuine capacity for rapid reinforcement, and the political will to do so.

New dimension

Sustaining such a commitment to the Falklands over the longer term raises all sorts of doubts. Mrs Thatcher is unlikely to change her mind or face real pressure to do so. Yet when Britain publicly emphasises the defensive needs of the kelpers, the Argentines, forever ones to look for ulterior motives, too easily conclude that London's overtures to restore normal relations are worthless.

This is a recipe for permanent suspicion between Buenos Aires and London. Such a climate cannot help to establish a long-term basis for developing the South Atlantic's very considerable fishing resources.

The most important task now is for the British Government, albeit belatedly, to explain that the run down in the Falklands garrison is part of a de-militarisation process. For the Argentine Government meanwhile to stoke up the issue further will only inflame nationalist sentiment at home and give an undesireable chance for the military to reassert themselves.

In the third of a series, Guy de Jonquières looks at European financial houses' preparations for 1992

The search for a flying start

DISORDERLY scenes are erupting at some of western Europe's most exclusive gentlemen's clubs. From the Iberian peninsula to Scandinavia, banks and other financial institutions are casting conservatism aside and rushing to take up positions in preparation for what is starting to look like a battle for survival in the Europe of the 1990s.

The most striking sign of the upheavals is the recent wave of intra-European mergers and acquisitions. Many involve companies from countries where such deals were virtually unknown a few years ago. Hostile bids are also on the increase, a trend underlined by the raid by Mr Carlo de Benedetti, the acquisitive Italian entrepreneur, on Belgium's Société Générale holding company.

In insurance, the French Groupe du Midi, which only last year won control of Britain's Equity and Law life company, has itself recently become the target of buying by investors including Italy's Generali, which last December acquired 76 per cent of Union Suisse Assurances of Geneva.

In banking, Deutsche Bank of West Germany gained an early lead in trans-frontier acquisitions, buying Banca d'America d'Italia from Bank of America for $600m in 1986. And in securities, foreign firms have been spending hefty sums to buy into local brokers and investment banks on stock exchanges across Europe, above all in London and Paris.

It remains to be seen whether any EC government would permit a foreign takeover of a big national clearing bank. However, fear of predators has sent some potentially more vulnerable ones scuttling into each others' arms for safety. Earlier this month Amro of the Netherlands and Société Générale de Banque of Belgium (13.4 per cent owned by Mr de Benedetti's quarry) agreed to take 25 per cent cross-shareholdings in each other as a prelude to a possible full merger.

Several larger Scandinavian banks have forged similar defensive links, while the West German Commerzbank hopes to arrange a 10 per cent cross-holding with France's Crédit Lyonnais once the latter is privatised. It is also scouting for partners in Spain and Italy.

Relatively few larger recent intra-European acquisitions have involved British bidders. It is debatable whether this is because UK institutions feel impregnably secure on the London market, because their most ambitious international expansion plans are aimed at the US and Japan, or because they are still too preoccupied with problems at home.

What is clear, however, is that the European Community's drive to create a single market by 1992 has emerged at a singularly opportune moment. As pressures on their traditional home markets grow, many financial institutions on the continent are being made aware for the first time of opportunities – and threats – beyond their borders.

The change in climate has been particularly marked in southern Europe, where governments have set about reforming archaic regulatory systems which have shielded banking and financial services from competition and bred inefficiency and fragmentation.

In Italy, which has 1,100 banks, and in Spain, which has more than 500 insurance companies, the authorities are keen to promote rationalisation through mergers. Although it often poses political problems, the process is being prodded along, particularly in Spain, by an influx of foreign competitors attracted by the economic growth prospects of Europe's sunbelt and the under-development of its financial markets.

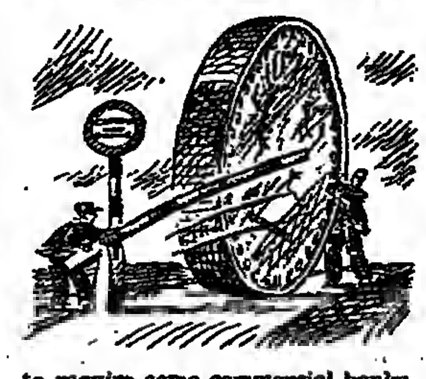
"When you meet some of the local bankers in those countries, you can see the look of fear in their eyes," says Mr James Larkin, a vice-president of American Express, the banking and travel services group.

In the more mature markets of northern Europe, jealously protected commercial preserves are also yielding to fiercer competition. For instance, the larger Swiss and West German banks, which until about three years ago observed a mutual non-aggression pact, have begun to encroach more on each other's home territory.

In the Netherlands, the hold of the bigger local banks over syndicated primary bond issues has been eroded since 1984 under sustained attack from outsiders, particularly US securities firms. "The Dutch banks all have directors on the boards of their major corporate customers and they have pulled every string they can. But companies can't go on turning down better deals from elsewhere indefinitely," says one Amsterdam broker.

There are signs of change even in ultra-conservative West Germany, where financial markets are dominated by a few big commercial banks and insurance companies which wield huge shareholder power over large sections of industry. Though Germany remains one of Europe's hardest markets for outsiders to crack, regional savings banks there are starting to compete in corporate lending, while retail chains are nibbling away at the banks' consumer business by offering credit and payments facilities. In France, where the rapid growth of the stock market in the past few years has led many companies to securitise their debt, banks' margins on commercial lending have been shaved wafer-thin. Banque Indosuez says its ability to earn profits from its large corporate customers will depend largely on finding new types of services to sell to them.

The screw may be tightened still further by the recent agreement by the Group of Ten central banks to harmonise minimum capital ratios for international lending. Though final details of the agreement have yet to be worked out, it is expected to require some commercial banks, particularly in France, to strengthen their balance sheets by issuing fresh equity.



Yet if Europe's old order is being undermined, it is unclear what will emerge in its place. Banks and other financial institutions may be acquiring a taste for crossing frontiers; but many remain uncertain about how deeply to plunge in, what they will find on the other side – and how they will make money out of it.

Indeed, some recent intra-European acquisitions seem to owe more to herd instinct than to any clearly thought-out long-term strategy. As happened in the run-up to London's Big Bang in 1986, some bidders appear motivated chiefly by fear that, if they do not acquire bridgeheads now, they may not get a second chance.

If the EC's single market programme goes to plan, it will become possible after 1992 to export financial services freely across frontiers.

However, most institutions believe that, to exploit this freedom effectively, it will be essential to have sales, marketing and customer service networks on the ground in neighbouring countries. As in many other businesses, the most profitable financial sectors are those where the barriers to entry are kept high by the size of the investment needed to establish a position in the market.

This is particularly true of activities closest to the retail end of the business, such as life insurance, consumer and mortgage credit and personal banking. It also applies to lending to small and medium-sized companies, where the prerequisite for success is a solid client list, a high profile and a well established network of personal contacts.

In the catchy phrase of Mr Michel Develle, chief economist of Paribas, the large French bank, control of European markets may be decided by who wins the *guerre des guichets* – the war of the banking counters. Most European banks with trans-national ambitions have concluded that building up foreign networks from scratch would be prohibitively expensive and slow. Acquisition is the most obvious course.

However, it is by no means clear that much will be lost by waiting. Deutsche Bank, which has identified France, Spain and possibly Britain as prime countries for acquisitions, admits that it is torn between the urge to rush in now and the strong suspicion that a severe shake-out of the banking industry may occur after 1992, enabling bargains to be picked up.

A similar fall-out is also widely predicted in the insurance industry, much of which still appears to function according to the sedate rules of an earlier age. Mr Bob Gulliver, of the London office of American stockbrokers Fox Pitt Kelton, believes that many agents now tied to weaker companies will set up as brokers in their own right once competition intensifies. That could open up the market in countries such as West Germany, where most policies are now sold by agents working exclusively for one company.

National barriers have led to huge discrepancies between EC insurance markets. The Bureau of European Consumer Unions estimates that a typical life policy premium costs about 10 times more in Portugal and up to three times more in France and West Germany than in Britain. Rates for industrial and commercial cover, and the service offered, also differ enormously.

However, there may be relatively few other financial services sectors where falling barriers offer enterprising outsiders such opportunities to clean up fast. In much of the EC, sectors such as commercial banking, already look saturated and burdened with excess capacity. Newcomers will face a big challenge in trying to differentiate their products and services.

That may not be easy in markets where financial innovations are quickly copied. As Mr Klaus Droste, a banking specialist in the Frankfurt office of management consultants McKinsey, also points out, many skills or presumed advantages which banks enjoy at home may either prove impossible to transfer abroad or may be duplicated by those already entrenched.

For these reasons some bankers, such as Mr Antoine Jeancourt-Galignani, chairman of Banque Indosuez, are sceptical about whether efforts to take other European markets by storm will pay off. His tactic will be to focus on niche markets where Indosuez can play to its strengths, such as its sizeable Asian and Nordic networks.

Warburgs, the London financial group, which is already active in several parts of continental Europe, is firmly convinced that no single approach is right. "Our strategy is to look at every country individually and treat it in its own right, either by operating out of London or by establishing ourselves locally," says Mr Herman van der Wyck, the group's vice-chairman.

But many other institutions' EC expansion plans are driven less by an urge to develop new markets than to safeguard traditional ones. Commercial banks such as Commerzbank hope closer ties with partners in neighbouring countries will enable them to consolidate their domestic business by expanding services to existing customers and cutting costs.

Whether such arrangements – or any of the other strategies which European bankers are studying – will provide an effective response to the harsher competitive challenges is an open question. But given the speed at which things are starting to move in Europe's financial industries and markets, it may not take many more years to discover the answers.

Previous articles in the series appeared on February 19 and 22. Further articles will appear this week.

Recent European linkages in Financial Services

Date	Acquirer / Stakeholder			Transaction	Target / Partner		
Jan 1986	ALLIANZ	W.Ger	Insurance	Takeover £305m	CORNHILL INS.	UK	Insurance
Sep 1986	PKBANKEN	Swedish	Banking	Takeover £37.8m	ENGLISH TRUST GROUP	UK	Banking
Oct 1986	INSTITUTO BANCARIO SAN PAOLO DI TORINO	Italian	Banking	Acq. 8.4% shareholding	HAMBROS	UK	Banking
Dec 1986	DEUTSCHE BANK	W.Ger	Banking	Acquisition £303m	BANCA D'AMERICA E D'ITALIA (A)		Banking
Feb 1987	PARIBAS	French	Banking	Joint venture	BANCA COMMERCIALE ITALIANA	Italian	Banking
Jul 1987	BANCO DI BILBAO	Spanish	Banking	5% equity stake	HAMBROS	UK	Banking
Oct 1987	ABBEY NATIONAL WINTERTHUR CORGROUP	UK Swiss Spanish	Bldg Society Insurance Stockbroking	Majority stake Minority stake Minority stake	ABBEYCOR NACIONAL HIPOTECARIO	Spanish	Specialist Mortgages
Oct 1987	COMPAGNIE DU MIDI	French	Insurance	Takeover £457m	EQUITY & LAW	UK	Life Assurance
Nov 1987	SAN PAOLO DI TORINO AGF	Italian French	Banking Insurance	49% stake/80% by 1989 11% stake	BANQUE VERNES	(B)	Banking
Dec 1987	S.G. WARBURG	UK	Banking	Gradual takeover	BACOT-ALLAIN	French	Stockbroker
Dec 1987	BARCLAYS DE ZOETE WEDD	UK	Banking	70% stake	PUGET	French	Stockbroker
Dec 1987	SWISS BANK CORP	Swiss	Banking	30% stake/80% overall	DUCATEL-DUVAL	French	Stockbroker
Dec 1987	SWISS BANK CORP	Swiss	Banking	51% stake rising to 80%	BANQUE STERN	French	Banking
Dec 1987	GENERALI	Italian	Insurance	76% stake	UNION SUISSE ASSURANCES	Swiss	Insurance
Jan 1988	DUMENIL UNIT TRUST MANAGEMENT	French	Unit Trusts	Takeover	EBC AMRO UNIT TRUST MANAGEMENT	Neths	Unit Trusts
Feb 1988	AMSTERDAM ROTTERDAM BANK	Neths	Banking	Joint venture	GENERALE DE BANQUE	Belgian	Banking
Pending	JAMES CAPEL	(C)	Stockbroker	Takeover	DUFOUR KOLLER LACARRIERE	French	Stockbroker

(A) Italian bank subsidiary of Bank of America (B) Subsidiary of Suez - French banking & investment group (C) Subsidiary of Hong Kong Bank

OBSERVER

Decline of the by-election

■Barring accidents, there should shortly be a new British political record of sorts. Almost a year has passed without a parliamentary by-election.

The most recent was on March 12, 1987 when Matthew Taylor easily held Truro for the Alliance after the sitting Member, David Penhaligon, had been killed in a car crash. Three weeks before Rosie Barnes, also of the Alliance, triumphed over the Labour Party in Greenwich. Since then, nothing.

One writes that it is a record "of sorts" because there were special circumstances. Two by-elections were pending when Margaret Thatcher called the general election for June 11 last year, so they did not take place.

Nevertheless, the pattern of by-elections over the years has been changing. On the whole, they do not happen if they can be humanly avoided.

During the Conservative Administration of 1959-64 – to which the present one is most frequently compared because it is a third consecutive term in office – there were 62 by-elections at an average rate of 15 a year. In Edward Heath's period as Prime Minister (1970-74), there were 30 at an average annual incidence of nine.

In Thatcher's first term (1979-83) there were only 20 at an annual incidence of five. The figures for her second term are distorted by the extraordinary events in Northern Ireland where the Ulster Unionists insisted on resigning their seats and holding 15 by-elections on one day in protest at the Anglo-Irish Agreement. If those are included, there were 31 by-elections in the second term. But if they are excluded – which is a quite reasonable way of assessing trends – there were only 16, or an average of four a year.

Among those 16, 11 were caused by the death of the sitting member. Only five led to a seat changing party hands and in three of those cases the result was reversed at the general election: the Tories, for example, easily won back Fulham from the Labour Party when it came to national polling day.

Twice, however, the Tories burnt their own fingers. The first occasion was when William Whitelaw was elevated to lead the House of Lords and the party very nearly lost the safe seat of Penrith and the Border as a consequence. The second was when Mathew Parris defied the Party Whips and deserted parliament for television, thus turning a Conservative majority of over 15,000 in Derbyshire West to one of precisely 100.

Thus the message from the Whips' Office is clear: by-elections are to be avoided at all costs, especially where Tory seats are concerned.

The effect on British politics is increasingly deleterious. It increases the power of the Whips and decreases the freedom of MPs. Someone like Francis Pym, for instance, would have liked to have stood again last time in the fairly safe expectation that he could resign his seat half way through the parliament and go to the Lords then. That sort of practice is no longer allowed.

Equally, the Government's freedom of action in the way of appointments is being inhibited. To take a not wholly hypothetical example: Lynda Chalker, the top-ranking Minister of State at the Foreign Office, would not be an eccentric choice to succeed Lord Cockfield as one of Britain's two European Commissioners in Brussels at the end of this year. Apart from anything else she would be the first woman on the board, as it were. Yet her chances must be limited by the fact that her majority in her constituency of Wallasey fell to less than 300 in the last general election.

"As it's Leap Year I'll say yes Fiona – and I'll expect a golden handshake and a BMW if we divorce."

Not least, the absence of by-elections takes some of the fun as well as the safety valve out of politics. Paradoxically, by encouraging fewer by-elections, the Government may be making them oot less, but more important. All sorts of portents will be read into the next one when it comes. They will probably be wrong, but that is not the point. The system has become too rigid.

Cockfield omen

■Mention of Lord Cockfield reminds one of Sir Kenneth Berrill, whose chairmanship of the Securities and Investment Board is not to be renewed. They have qualities in common.

Both seem somewhat anti-establishment, can look rather pleased with themselves and appear to enjoy being up against it in the confidence that they can deal with all-comers. In the end, that was of no avail to Berrill.

The same kind of whispering campaign that began against him has been going on for some time against Cockfield. "Too big for his boots...been around too long...takes no account of realities:" that sort of thing. One would be surprised now if the latter were to be re-appointed to his European job.

Lunch times

■Perhaps it is a side effect of Big Bang. Yet, whatever the reason, the anecdotal evidence is inescapable: lunches in London have been getting earlier. And there is a perfectly sound explanation: the earlier you arrive in the office in the morning, the earlier you are likely to want to have lunch.

If you enter a London restaurant nowadays at 12.30pm, a lot of people have not only ordered, but have already started eating. If you arrive much later, it can take an excessively long time to have your order taken. The other day I was invited to lunch at 12 noon, which breaks the previous still barely acceptable standard of 12.15 being the earliest possible time.

None of that means that lunches get any shorter.

Personally, I prefer the American way where it is possible to have something that might be called lunch at 11am or 4pm or whatever time you choose – even the old-fashioned 1pm. London should adapt.

Ground to air

■The accountants are hitting back. They say that the story in last Thursday's Observer about them being useless was truncated.

The accountant on the ground shouted back to the man in the hot air balloon: "Are you a corporate strategist?"

"Yes. How did you know?"

"Your head is in the clouds, you don't have your feet on the ground, you don't know where you are and you don't know where you're going."

David Gardner reports on Mexico's Economic Solidarity Pact as it is put to the test

Moment of truth for the rescue

THE MONTH just ending marks a crucial stage in the Mexican Government's plan to save the country from hyper-inflation and restore conditions for growth. Mexico's novel scheme to swap part of its debt at auction, bids for which closed last Friday, is part of this attempt; but it is less important than the success or failure of the attack on the inflotionary spiral, which meets a vital test in February's inflation statistics.

The aim of the Economic Solidarity Pact is to break this inflationary spiral by the end of February, with tomorrow as the beginning of a new, more optimistic, era. Price increases are supposed to decline from January's 15 per cent to a monthly 2 per cent by December. The annual inflation rate is scheduled to fall from 430 per cent to 30 per cent.

After tinkering with reflation throughout last year, President Miguel de la Madrid's Government has switched its priorities. Now the war against inflation, not the restoration of sustained high growth, is the cornerstone of its economic policy.

Mexicans enjoyed average annual rises of 6.6 per cent in gross domestic product from 1940 to 1981. However, they also used to take for granted a relatively low inflation rate. Until the 1982 debt crisis, Mexico – in contrast to its Latin American neighbours – never experienced anything like three-digit annual price rises. This helps explain why inflation has now been identified as a greater threat than stagnation. It is a shift in strategy backed by Mr de la Madrid's preferred successor, former Planning Minister Carlos Salinas de Gortari.

The Government cannot afford to let its economic measures go off course. The prestige of the ruling Institutional Revolutionary Party (PRI) is at an all-time low; the presidential elections dne in July are likely to be amongst the most turbulent in the PRI's 71 years in power. The party is widely blamed for the financial collapse in August 1982. Foreign debt stands at $103bn (£59bn) and the consequent recession is the worst the country has experienced. To some extent, the regime is a victim of its own success in creating a sophisticated urban society which it can no longer satisfy.

Since taking office at the end of 1982, President Miguel de la Madrid'e Government has neither been able to lead the country out of economic depression nor deliver on its promise of more democracy and respect for election results, which it has regularly rigged. There has been no growth, investment has fallen by a fifth and average wages are down by more than a third in real terms. Despite government spending cuts, in real terms, of more than 8 per cent of gross domestic product, the budget deficit is back to about 18 per cent of GDP. Interest payments on foreign and internal debt account for more than two thirds of all tax revenue and are equivalent to more than a fifth of GDP.

The news is not all bad. The de la Madrid administration has made headway on structural reform by overhauling public finances, opening up the economy and diversifying away from oil. It has also begun to limit the state's role in the economy. Given the Mexican tradition of a highly-protected, state-dominated economy, these reforms are radical.

The de la Madrid-Salinas team has not, however, been able to combine the turnaround in trade and current accounts with price and budget stability or growth. This failure has been magnified by the Government's failure to win the intellectual argument for reform and to popularise its case. Presentation has frequently been bungled – perhaps because technocrats outnumber the few indifferent politicians in the cabinet.

For example, from November 18 to December 14 Mexico had a devaluation in slow-motion, aggravating the effect on price rises and the run oo the peso. This was not adequately explained; indeed, the Government had previously insisted that the peso was 50 per cent undervalued and confirmed that the current account was heading for a $4bn surplue. Then, from December 15 onwards, the Governmeot uoveiled its "shock" plan in instalments, which remain incomplete.

Ministers and officials have now dropped the customary habit of self-congratulation; they admit a problem of credibility. "We are assuming we don't have any . . . not even zero, but negative credibility," as a senior finance official disarmingly puts it. President de la Madrid told business leaders last month that "achievements will be the decisive element in giving (the plan) credibility."

Miguel de la Madrid, Mexico's President — Joe Cummings

The theoretical framework of the pact is the so-called "heterodox shock" plans introduced in 1985-86 to combat hyperinflation in Argentina (the Austral Plan), Brazil (the Cruzado Plan) and Israel.

A variant of these plans was put before the cabinet in late 1985 by Mr Salinas and his allies, but rejected by the more cautious President. Its adoption in diluted form leans heavily on the successful Israeli stabilisation plan.

> **The regime is victim to its own success and has created a society which it cannot satisfy**

The essence of "heterodoxy" is that it combines a wage, price and exchange rate freeze with budgetary correction, in contrast to the standard, IMF-inspired anti-inflation programme, which coocentrates on fiscal and monetary policy.

In theory, the three main requirements for the plan to work are:

● To have the real exchange rate in competitive equilibrium, ideally undervalued.

● To iron out distortions in the relative prices of basic goods like fuel and steel.

● To have the budget near balance on its "operational deficit" – after discounting the purely inflation-caused portion of the interest bill.

When the plan was being drawn up, there were problems with all of these requirements. The budget was still in operational deficit by about 3 per cent of GDP, while prices of basic goods like petrol had not risen since June, despite inflation at an annual rate of 160 per cent.

There were also judged to be difficulties with the exchange rate. Despite the heavily-undervalued peso and the current account surplus, in mid-November daily capital ontflows reached $200m. "The exchange rate is where it should be if you're not losing reserves," argues one minister. "If you are, then it's not."

However, the Solidarity Pact is tailored to remedy these shortcomings. Planned spending cuts of 1.5 per cent of GDP and revenue increases of 1.4 per cent are intended to reduce the operational deficit by the amount required.

The controlled rate for the peso against the dollar, used for merchandise trade and foreign debt transactions, was devalued and, in effect, frozen on December 14. Price rises of up to 85 per cent on public sector goods and services were decreed on December 15. A 38 per cent wage increase to March 1 was then agreed in the face of a half-hearted general strike threat by the pro-PRI trade union bureaucracy. In real terms, this was a wage freeze.

These measures are supposed to dovetail into a price restraint pact with the private sector and a forward indexation plan. From tomorrow, wages and prices will rise in line with the inflation forecast at the beginning of the month – in the hope that the adjustment will be a self-fulfilling prophecy.

The Governmeot has a proven ability to control wages and, with a foreign-exchange stockpile of $13.5bn, it should be able to hold the peso/dollar parity – even though this month it is allowing the peso to slip marginally. But the big donbt is whether the Government can cajole the private sector into toeing the line.

Part of the regime's strategy is to concentrate its arsenal of price controls on a "basic basket" of 75 goods and services. More importantly, it is using the threat of cheaper imports as an informal price control. A deal has been struck with the dominant companies – which enjoy their status thanks to the stability of the regime – to make them downward price leaders. "We are always complaining about the oligopolies," says one minister. "Why don't we make them work for us?"

Another measure involves choking off liquidity, as dramatised by last month's huge rises in short-term interest rates. Rates on 28-day Treasury bills (cetes), for instance, rose 33 percentage points to 159 per cent, having already shot up 36 points since the October stock market collapse.

The Government is trying to tell both domestic and multinational companies that, if they wish to do business in Mexico this year, they must either import dollars or dip into their corporate treasuries, which are brimming after last year's return to high profits.

It is this sort of tentative indicator that leads optimists to believe the plan is biting. The test will be February's inflation rate. Preliminary indicators already show some improvemeot.

Officials dwell on the success of the Israeli stabilisation plan. After a price surge like the current Mexican one, it brought inflation down from 460 to 15 per cent without sacrificing growth. However, their comparisons ignore the peculiarly cohesive nature of Israeli society and the fact that the US gave Israel aid equivalent to 7 per cent of GDP.

That is the figure that Mexico spends on servicing its foreign debt – an outflow which necessitates high domestic interest rates and aggressive devaluation, both of which feed inflation.

Given that foreign credit inflows have virtually dried up and that the Government admits it has no credibility, there may not be enough shock in the plan to make it work.

Lombard

Novel ways of adding value

By Clive Wolman

THE SPECTRE of the South Sea Company and the other outrageous "Bubble" ventures re-emerges whenever City financiers conjure up a new form of investment instrument which appears to be a perpetual money-making machine.

That is exactly what has been happening in one of the largest and sleepiest sectors of the UK stock market, the investment trust companies which manage share portfolios, worth about £20bn. For the last 15 years, their shares have consistently been valued at discounts of between 20 and 35 per cent of the value of the underlying assets, as a permanent rebuke to the abilities of their managers and a temptation for predators prepared to take them over and liquidate their portfolios.

But recently several corporate financiers have come up with restructuring schemes which appear not only to eliminate the discounts but to make the companies worth more than the value of their underlying assets. The trick has been achieved by replacing boring old ordinary shares, which carried sole entitlement to the company's assets, with a package of exotic and complicated securities. It began with the issuing of warrants but more recently we have been offered zero-coupon loan stocks, capital shares, capital preferred shares and, in the Ivory and Sime restructuring, which was partially approved last Thursday, loan stock linked to the UK stock market index.

The potential seems unlimited. If you can increase the value of a company's securities by 30 per cent merely by printing pieces of paper with many different weird and wonderful titles on them, then an extra £6bn could be conjured out of investment trusts alone. And why stop there? The same technique could be applied to all publicly quoted UK companies from British Petroleum downwards, which would boost national wealth by about £100bn.

This optimistic visioo runs hard up against the bleak financial orthodoxy of the last quarter century, based on the Modigliani-Miller theory of the conservation of value: you can cut up and distribute the corporate cake in as many ways as you like, but you cannot increase its size. BP will go on churning out the same amount of oil from its wells no matter how many types of securities are issued against its assets.

So what has been going on with the investment trust restructurings? A small part of the puzzle can be explained by the saving of tax. A similarly modest role should be accorded to the claim that investors have been undervaluing the ordinary shares – or have been bamboozled by the complexity of the restructurings into over-valuing the new instruments. Investors are unlikely to have misjudged the valuation of almost all investment trust shares systematically for the last 15 years.

The most plausible explanation is that some investors will pay more for securities that offer them the cash flow and the type of risk they are looking for. The expansion of individual wealth and home ownership has thrown up all kinds of new needs which UK securities firms and corporate finance directors have been slow to supply. The quasi-annuity being offered by the controversial Drayton Japan restructuring this week is one example of targeting such a need. But why has no one produced instruments linked to house price indices in different parts of the country? People could then keep up with prices and hedge the risks of the market running away from them if they were planning to trade up or trade down their homes, to move to a different region or to spend a few years abroad.

The costs of imitating the new-style securities are so low that their rarity value will not last for long. For that reason their current prices may be too high. But at least some of the rewards for innovation will remain.

Letters to the Editor

Protection and competition

From The Rt Hon Edmund Dell.

Sir, I quite agree with you that the unilateral removal of an import barrier may be appropriate action where those working in a protected industry show by their conduct that they undervalue the importance of achieving international competitiveness.

The remainder of your editorial ("Time to free car imports," February 23) seems more qnestionable. You lay great stress on the costs of protection. For example you qnote Brian Hindley who, working on 1983 data, calculated the cost of the volnntary export restraint agreement (VER) which limits Japanese car exports to the UK at £180 million. You also quote Alasdair Smith who, working on 1985 data, put the cost at somewhere between £60m and £120m. Such wide differences in estimates do not inspire great confidence in the calculations which lie behind them.

Moreover, it is not at all clear whether all the factors we need to take into account in assessing such costs have been properly considered in the models from which they are derived. One factor with which economists seem to grapple unsuccessfully in these models is the highly complex exchange rate effect of protective action. Another such factor is whether protection does help to create an internationally competitive industry, as – epparently, thus far – in the case of Jepan; or whether the protection is exploited as an opportunity to relax – a phenomenon not unknown in the experience of this country.

Economic processes are rather difficult to model satisfactorily; this is confirmed by the fact that Smith did not seem entirely persuaded by Hindley's model. He also noted that "our ability to model imperfectly competitive behaviour is very limited and rudimentary." While it is right, therefore, that attempts should be made to cost protection, the results should be treated with a measure of scepticism rather than as the undoubted truths asserted in your editorial.

Alasdair Smith also estimates that at least 50 per cent of the costs associated with the VER could be eliminated by a shift from a VER to a tariff. It is ironic that the progress of international agreements has pushed governments towards the more expensive forms of protection even in those cases where it is justified.

Edmund Dell,
4 Reynolds Close, NW11

Hopes for the Shultz initiative

From Mr S. Goldman.

Sir, I appreciate the balanced views expressed in "Mr Shultz's Initistive" (February 23).

I think just one important factor was missed: King Husеein must view the wave of Khomeini-type fundamentalism among the rioting Palestians with great concern. The fear of fundamentalism spreading into Jordan itself may produce the very atmosphere through which Mr Shultz's new initiative might succeed.

Mr Begin was just as immovable as Mr Shamir in his ntterances on territorial withdrawals, yet returned the whole of Sinai in exchange for peace with Egypt. King Hussein is likely to find Mr Shamir equally responsive if he encourages Mr Shultz's attempts to bring peace to the region.

S. Goldman,
81 Stonegate Road,
Leeds, Yorkshire

Civil liability limits set in California

From Mr James T. Hendrick.

Sir, A.H. Hermann (February 22) makes the valid point that states are likely to adopt statutes limiting the liability of "deep pocket" defendants and protecting medical malpractice defendants.

In California, a state often accused of greatest hostility toward defendants, tbese reforms are already in place. in 1975, California adopted the Medical Injury Compensation Reform Act (MICRA), which imposed limits on recoveries from medical professionals. In 1986, the people of California enacted the Fair Responsibility Act (Proposition 51), which abolished joint and several liability for non-economic damages.

Most recently, late last year, California adopted the Civil Liability Reform Act of 1987, which, among other things, limits suits against manufacturers of tobacco and alcohol, and limits claims for punitive damages.

James Hendrick,
Thelen, Marrin, Johnson & Bridges,
2 Embarcadero Centre,
San Fransisco,
California, USA

Not so much reform as non-starter

From Mr Anthony Young.

Sir, A number of recent budget predictions refer to the possibility of the upper earnings limit for National Insurance (NI) being removed. One must assume that this idea emanates from the Treasury; it is invariably described as a "reform," – a term hard to justify on closer scrutiny.

Not only would the marginal rate of deductions be increased by 9 per cent – or 7 per cent net, if income tax is redneed as predicted – for anyone earning over £15,860 (hardly in tune with the kind of incentive-based economy which the Conservatives were elected to establish), but the total tax and NI bill would be likely to increase for a very large number of people.

Assuming that allowances go up by 4 per cent, a married man with a 6 per cent pension and a £30,000 mortgage would need to earn £27,500 before going into the higher tax band and gaining from the extra tax reductions there. At £27,500, the additional NI bill would be £1,047, so a 2 per cent standard rate reduction would still leave him £675 worse off overall. Indeed, even if the upper tax rates were all reduced by 15p he would have to earn £38,750 before his tax savings exceeded his additional NI bill.

Clearly the idea is a non-starter, but that does not seem to have prevented it from getting an airing. Let us hope its proponents have been sent back to the drawing board.

Anthony Young,
13 West Street,
Lewes, Sussex

English as she is sung

From Mr Robin Boyle.

Sir, Just as Covent Garden has its surtitles, I suggest madamtitles for the Englisb National Opera (*Letters*, February 15, 19). I rarely catch a word of anything sung by the female soloists at the Coliseum, though they claim to be singing in English.

Robin Boyle,
Swiss Cottage,
Derwent Drive,
Tunbridge Wells, Kent

Leap into another holiday Monday

From Mr C.A. McAllister.

Sir, Everyone will be working one extra day this year for no extra pay. How aboot a national (or even international) Leap Day holiday to be taken on Leap Day or whichever Monday happens to be closest?

C.A. McAllister,
140 South Street,
St Andrews
Fife, Scotland

The British car market is already one of the most competitive

From Mr Anthony Fraser.

Sir, The issues in your leader of February 23, "Time to free car imports," are not as straightforward as suggested.

Abandoning 10 years of prudent marketing policies by Japanese manufacturers would not create greater competition from imports to the benefit of the consumer. You ignore the fact that the British car market is already one of the most competitive in the world. The consumer has an enormous choice between British-assembled cars and models imported from other EC countries, EFTA, five Eastern European countries and South Korea as well as Japan.

Price competition is fierce and allowing for discounting, price levels in the UK are on a par with those of West Germany. The German market makes the best European comparator because it is a vehicle-producing country, has no price controls, has no excessive market-distorting taxes and Japanese imports are not subject to any form of moderation.

Next, it is astonishing that you make no reference to the adverse effect of higher import penetration on output and jobs throughout the British motor industry and its suppliers, who collectively account for 600,000 jobs. Higher imports would be damaging to the UK motor industry and economy as a whole, not just to one manufacturer in isolation.

You sweep aside the fact that Japanese car exports to France and Italy (and Spain) are severely restricted, preferring to focus on the US. Yet some of the strongest import competition in the UK comes from those countries, where vehicle manufacturers are sheltered from Japanese intrusion into their own domestic markets.

You dismiss the benefits from Nissan's investment and do not explain why those benefits are "questionable." The British component supply industry takes a generally favourable view of Nissan's venture, and there will be unquestionable benefits in increased UK exports and higher employment in the north east.

Finally, you naively suggest higher tariffs as an alternative to the self-restraint policies of the Japanese manufacturers. Your leader writer has a remarkably poor understanding of the current international trade scene if he/she believes higher tariffs are a realistic option in the context of UK membership of the EC and the current round of GATT trade negotiations.

Anthony Fraser,
Society of Motor Manufacturers and Traders,
Forbes House,
Halkin St,
London SW1

FINANCIAL TIMES
Monday February 29 1988

Anatole Kaletsky on Wall Street

Case of the departed trader

A 31-YEAR-OLD trader resigns in disgust from a large New York bank after receiving an annual bonus of "only" $2m or $3m. Another breathtaking case of greed and hubris among the youthful nouveau riche? Or is it the latest skirmish in the battle between free-spirited financial genius and strait-jacketed bureaucracy being fought up and down Wall Street?

Last week it was the turn of New York currency traders to ponder these troubling questions, by now so depressingly familiar to stockbrokers, investment bankers and arbitrageurs.

"In 12 years in the market I have never seen a personality cult like this," said one big futures trader last week after the sudden resignation of Mr Andrew Kreiger, a vice president on Bankers Trust's currency options desk.

"Again the market has humbled someone who tried to take it over. Market forces are always greater than any one man," philosophised another. Why all this fuss about a mere vice president - a young man who held the job at Bankers Trust for less than two years?

One reason is obvious. In the past year Wall Street has been left gasping at Bankers Trust's "incredible," "spectacular," "astonishing" profits from foreign exchange dealings (to quote some of the superlatives that peppered the stockbrokers' circulars on BT's 1987 results).

The bank made $592m in foreign exchange profit in 1987, $338m of it in the three months after Black Monday - by far the biggest quarterly currency trading profit ever recorded by a US bank.

Options, futures and spot currencies are traded continuously in an ever-changing pattern of interweaving hedges, but the market believes that Mr Kreiger's options business was crucial to some of the bank's biggest triumphs, especially around the time of the crash.

BT has acquired a reputation as the boldest speculative trader in the currency options market. Its biggest killings also happened to coincide with the period since Mr Kreiger's arrival in the summer of 1986; indeed, the bank made less money in currencies in the whole six-year period from 1981 to 1986 than it did in the one climactic quarter between October and December last year.

It is hardly surprising, therefore, that many traders reckoned Mr Kreiger's activities to have been worth hundreds of millions of dollars to Bankers Trust; that the market had "talked for months about the size of Andy Kreiger's next bonus," according to one big Chicago dealer; or that the news of his resignation provoked alarmist rumours. If BT had failed to recognise its trader's heroic stature, something more sinister might be afoot.

The markets whispered of internal audits, of trades going awry, even perhaps of Kreiger's legendary profits turning into equally spectacular losses. After all, was it really plausible that a man of Mr Kreiger's stature would simply leave BT without announcing some new career move to propel him onwards and upwards?

This is the really intriguing question at the heart of the Kreiger story. Mr Kreiger seems to epitomise the fundamental dilemma of Wall Street's much reviled yuppies.

Unlike the older generation of financiers, many of the 30-year-old millionaires did not go to Wall Street with any thoughts of long-term career development. Despite their BMWs and Rolex watches, post-1960s cynicism about money-making runs deep. Many still swear to themselves that they will drop out of the rat-race the moment they have accumulated enough loot.

Of course, the yuppies' definition of "enough" keeps expanding, even as they draw nearer to the precipice of middle age. Paradoxically, the very desire to escape the avaricious rat-race has helped to inflame the greed and impatience that typifies Wall Street today.

What has all this to do with Mr Kreiger? He has declined to comment in any way on his departure, but those who claim to know him do not believe he was the type to be "insulted" by $2m or more. Mr Kreiger, apparently, is a man of broad interests. Indeed, he is said to possess a PhD. Some say it is in Sanskrit, others suggest Chinese philosophy; but nobody thinks it is in yen-dollar swaps.

Extraordinary as it may sound, he could simply have decided he had made enough money. As one acquaintance says: "For him Bankers Trust was only a means to an end. He loved trading, but he was a peaceful, thoughtful guy. He probably got a bonus nearer $5m or $10m than the lower figures that jealous people are quoting. What would you do if someone dumped $10m on you - hang around for more, or take your family off to a Greek Island?"

Andrew Gowers examines a US warning of an impending Middle East resources crisis

Crying out for water in the desert

THE MIDDLE EAST faces a major crisis over water supplies which threatens to cause unprecedented political upheaval in the region before the end of this century, according to a study by a group of senior US Government officials, engineering company representatives, academics and Congressional aides.

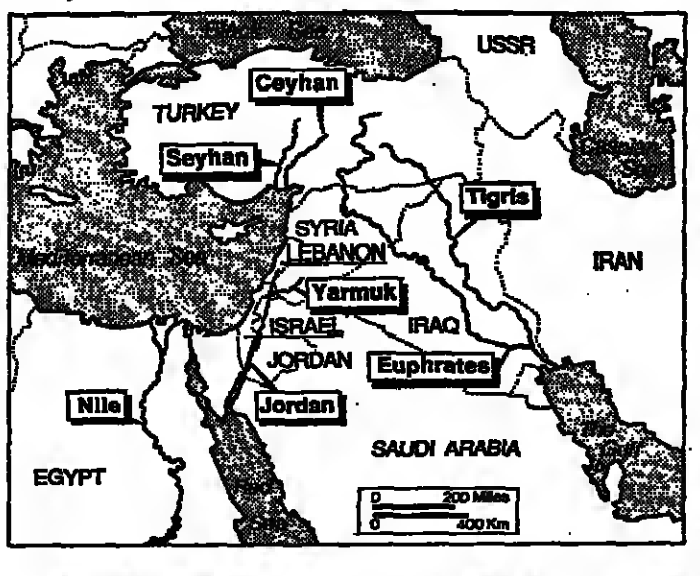
The study, published by the Center for Strategic and International Studies, a Washington-based research institute, points to the prospect of water shortages in a number of Middle Eastern countries, coupled with rivalry over the use of river waters, as an increasing source of tension in the next 10 years.

"By the year 2000, water – not oil – will be the dominant resource issue of the Middle East," it says. "Before the 21st century, the struggle over limited and threatened water resources could sunder already fragile ties among regional states and lead to unprecedented upheaval within the area."

The report is intended to highlight a problem which is often discussed in general terms but has rarely been studied in comprehensive detail. Its significance also lies in the membership of the steering group overseeing the CSIS project, which includes Mr M. Peter McPherson, deputy US Treasury Secretary, Mr T. Louis Austin, president and chief executive of Brown and Root, the engineering group, and Senator Paul Simon, one of the leading Democratic contenders for the presidency.

With such a prestigious group behind it, the report amounts to a cry of alarm for US government attention to an issue which has been all but neglected in its higher echelons, and on which there has been minimal inter-departmental co-operation.

The study says water consumption is rising fast throughout the Middle East because of a rapid population spiral, urbanisation and industrialisation. In addition, water resources are being managed inadequately through incompetence or political rivalries between states.



There are three areas of particular concern:

● The Jordan River basin, which provides water for Syria, Jordan and Israel. The study estimates that by the year 2000, Israel's water needs may exceed supply by 30 per cent, while in Jordan there may be a 20 per cent shortfall.

The upper Jordan river has already been developed to maximum capacity, and there are plans to use its only partly untapped tributary, the Yarmuk, by building the so-called Unity Dam at Maqarin on the Jordanian-Syrian border.

Suspicion also surrounds Syrian plans to divert the Yarmuk higher up with a series of small and medium-sized dams. If these are carried out, they could substantially reduce Jordanian access to the Yarmuk for irrigation in the agriculturally-important Jordan valley, and could also affect the availability of water in Israel.

A further complication in this area is the deteriorating quality of surface water and ground water supplies. This is especially serious in the Israeli-occupied West Bank and Gaza Strip, where there is already stiff competition between Arab inhabitants and Jewish settlers for water. Contamination of supplies in Gaza by sea-water and agrochemicals is, the report says, "reaching critical proportions."

● The Tigris and Euphrates river basins, supplying Turkey, Syria and Iraq. Turkey's ambitious development schemes – especially the south-east Anatolia Project, a programme of 13 hydroelectric and irrigation projects on the upper Tigris and Euphrates – are already affecting supplies in Syria and Iraq. Syria faces large and mounting water shortages, and some experts estimate that the Anatolia Project could reduce the annual Euphrates flow into Iraq by a staggering two-thirds once it is completed. Pollution of the Euphrates further upstream means that many Iraqi villages are forced to import drinking water by truck.

● The Nile basin, involving the longest river in the world and nine African states. The problems created for Egypt by persistent drought in the Nile's catchment area in recent years have been well-publicised. But the report draws them in stark terms nonetheless, saying that "Egypt could experience a critical water shortfall by the turn of the century, particularly against the backdrop of seemingly unstoppable population growth."

These issues seem almost as intractable as the bitter political, ethnic and sectarian conflicts which divide today's Middle East. The report proposes the establishment of a co-ordinating body on water issues within the US Government, and the establishment of a Middle East water programme to further the use of advanced technologies in managing the region's resources.

However, it readily admits that the principal problems are not technical but political and emotional. The record of international co-operation in resolving Middle Eastern water problems is not encouraging.

There was the Johnston Plan for developing the Jordan basin drawn up in the 1950s by Mr Eric Johnston, President Dwight Eisenhower's special envoy to the Middle East. Although some of this plan's technical provisions have been operated by Israel and Jordan, it has never been formally accepted because of political prejudice and mistrust.

There have been efforts at collaboration on the use of the Euphrates, with the setting up of a Trilateral Commission. But Turkey's Anatolia Project was prepared without consultation with Syria and Iraq, and the Turks have so far rejected or stonewalled suggestions for high-level negotiations on water allocation and use.

Then there is Turkey's famous plan, announced last year, for a "peace pipeline" – actually two pipelines designed to funnel water from its Ceyhan and Seyhan rivers to the Gulf states, Syria, Jordan and the West Bank. The cost of this project is estimated at least at $20bn and, given the political friction between the countries involved, its chances of getting off the ground cannot be rated very highly.

As the report points out: "Almost all major water resources in the region are shared between two or more states. Maximum utilisation of all supplies necessitates far-reaching co-operation.

"In a region beset by ethnic, religious and political hostility, however, neighbourly goodwill has seldom existed in the past and may become even more elusive."

US Foreign Policy on Water Resources in the Middle East by Joyce Starr and Daniel Stoll; Center for Strategic and International Studies, 1800 K St, Washington DC 20006

GEC and Plessey joint venture to have assets worth £400m

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

THE NEW UK joint venture telecommunications company being formed by the General Electric Company and Plessey will have assets of around £400m ($707m), according to a circular that will go out to Plessey shareholders today.

The document, which is being issued after almost five months of tough negotiations concluded last Friday, also reveals that a payment of about £45m will be made by GEC to its partner to equalise the assets they are each putting into the new company.

Virtually all the public and private exchange manufacturing of the two parent groups, along with Plessey's pay-phone business and its Stromberg Carlson subsidiary in the US, are being contributed to the venture.

Plessey's shareholders have to vote on the deal because the assets that are being injected into the joint business are such a large proportion of the group's overall activities, accounting for almost 50 per cent of its total turnover.

If shareholders accept the agreement at an extraordinary meeting on March 25, the new telecommunications combine will be launched formally on April 1. Its results will be fully consolidated into the Plessey Group figures.

Today's circular does not elaborate on the controversial structure of the new group. Rationalisation of the manufacturing plants, which involve considerable overlap because both companies make the same System X public digital telephone exchange, will be left to the newly-appointed management team.

There have been widespread suggestions that there will be considerable scope for restructuring the production activities and shedding several thousand jobs from the present workforce of around 20,000.

Salaries, another area of potential concern because of the disparities betweeen the two groups, will also be set by the new management.

Managerially, GEC appears to have emerged in the strongest position in the joint venture. Mr Richard Reynolds, who heads GEC's telecommunications activities, will become managing director of the operating company for the combined business, with Plessey contributing the finance director, Mr Tony Isaac.

GEC's predmoninance at the operating company level will be offset to some extent by the presence of Sir John Clark, chairman of Plessey, as chairman of a newly-formed six-man holding company board looking at strategic issues for the telecommunications business. Directors for this team will be drawn equally from both parent companies, with Mr Malcolm Bates, one of GEC's joint managing directors, leading the GEC side.

The circular also confirms that the Plessey parent group will retain sole ownership of its activities in Orbitel, the joint company set up with Racal to tackle the developing market for digital mobile cellular telephones. Plessey's holding in Telenet, the US-based packet switching business run by GTE, will also be kept apart from the joint venture.

Other strategic issues confronting the Plessey group will be put to shareholders, including plans for the company's defence and components sections and research and development activities.

Brussels may force Britain to tighten law

By Ralph Atkins in London

BRITISH legislation on product liability – designed to strengthen consumer power against makers of defective products – may have to be tightened because of uncertainty about its impact on industry resulting from intervention by the European Commission.

Under the legislation, due to take effect tomorrow, consumers will no longer have to prove a manufacturer negligent to sue for injuries or damage to property. Claims are likely to become more frequent and could prompt higher insurance premiums for industry.

Particularly affected will be pharmaceutical companies and other industries already prone to claims. However, a straw poll of major companies by the Financial Times suggests that most companies are confident the legislation will pose no major threat.

The measure is part of the 1987 Consumer Protection Act and implements a European Community directive issued three years ago. Britain is the first country to bring the directive into force.

Uncertainty remains, however, about Britain's interpretation of a loophole in the directive. This allows a manufacturer to defend a consumer action by claiming the relevant fault arose during the product's development stage and could not have been forseen at the time.

British officials confirmed last week a formal complaint from the European Commission had been received. Britain could be taken to the European Court in Luxembourg unless the argument is resolved.

Poll details, Page 10

Cocoa organisation to discuss prices

Continued from Page 1

for the market – closed on Friday at £1,010 a tonne, down £20 a tonne and the lowest level since November 1982.

This has coincided with the completion of buying for the buffer stock, which holds 250,000 tonnes of cocoa – the maximum allowed under the cocoa agreement.

The buffer stock was designed to support prices by taking surplus cocoa off the market. Buying restarted only last month after being suspended since last July while the ICCO wrestled at four separate meetings over what price should be defended.

Since January 19 the organisation has bought 75,000 tonnes of cocoa, topping up the 175,000 tonnes it already held. The second position futures contract has fallen by £181 a tonne in the same period.

The irony is that the organisation would probably have been unable to buy the full amount for the buffer stock if prices had not fallen. It is funded by a levy on exports, and Brazil and the Ivory Coast, two of the biggest exporters, together owe more than $35,000 (£19,740) in levies.

Today delegates from producing and consuming countries are faced with a two-pronged problem – they have to decide whether to lower the price levels they are trying to defend, and whether to introduce the "withholding scheme."

Analysts agree the scheme is likely to be implemented, but it will be a lengthy procedure, possibly taking six months before having any effect.

Consumption has risen recently, but not enough

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	S	7	45	Malta	C	12	54	Rhodes	C	18	64
Algiers	S	12	54	Edinburgh	S	7	45	Manchester	F	9	48	Rio de J'o	C	30	86
Amsterdam	C	9	48	Faro	C	10	50	Manila	C	34	93	Rome	C	9	48
Athens	F	14	57	Florence	S	10	50	Melbourne	C	19	66	Salzburg	Sn	0	32
Bahrain	S	21	70	Frankfurt	Sn	2	36	Mexico City	S	25	77	San Francisco	S	12	54
Bangkok	S	33	91	Funchal	C	13	55	Miami	F	19	66	Seoul	F	6	43
Barcelona	S	10	50	Geneva	C	2	36	Milan	S	10	50	Singapore	C	33	91
Beirut	C	18	64	Gibraltar	C	16	61	Montreal	F	-12	10	Stockholm	Sn	0	32
Belfast	C	7	45	Glasgow	F	9	48	Moscow	Sn	-8	18	Strasbourg	Sn	2	36
Belgrade	C	2	36	Guernsey	F	9	48	Munich	C	0	32	Sydney	S	26	79
Berlin	D	2	36	Helsinki	Sn	-3	27	Nairobi	-	-	-	Taipei	C	19	66
Biarritz	C	4	39	H. Kong	C	18	64	Naples	F	10	50	Tangier	C	10	50
Bombay	F	28	82	Innsbruck	C	1	34	Nassau	F	20	68	Tel Aviv	C	21	70
Bordeaux	C	5	41	Inverness	S	4	39	New Delhi	S	22	72	Tenerife	R	14	57
Brussels	C	7	45	Islamabad	C	16	61	New York	Sn	-1	30	Tokyo	S	9	48
Budapest	C	2	36	Istanbul	F	10	50	Nice	S	12	54	Toronto	S	-12	10
B. Aires	C	30	86	Jakarta	S	30	86	Nicosia	S	16	61	Tunis	C	11	52
Cairo	C	26	79	Jersey	F	10	50	Oporto	S	10	50	Valencia	F	10	50
Cape Town	S	24	75	Jo'burg	F	25	77	Oslo	C	0	32	Venice	S	8	46
Caracas	F	26	79	Lima	-	-	-	Paris	C	4	39	Vienna	C	1	34
Casablanca	F	11	52	Lisbon	S	9	48	Peking	C	-1	30	Warsaw	Sn	-1	30
Chicago	F	-4	25	London	C	9	48	Prague	Sn	-1	30	Washington	Sn	1	34
Cologne	R	5	41	Los Angeles	S	15	59	Reykjavik	S	-1	30	Zurich	C	0	32
Copenhagen	C	4	39	Luxembourg	Sn	-1	30								
Corfu	F	16	61	Madrid	F	5	41								
Dallas	-	-	-	Majorca	F	11	52								
Dublin	C	9	48	Malaga	S	12	54								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Shultz peace mission

Continued from Page 1

a Nato heads of government summit in Brussels this week.

However, he faces what seem almost insurmountable obstacles in his peace efforts. These include the opposition of the hardline Likud side of the Israeli Government to any formula that would require exchanging land for peace in the occupied territories. This faction, led by Mr Shamir, is also opposed to an international conference as a means of advancing peace efforts.

Mr Shultz has endorsed the notion of territorial compromise as the basis of a peace settlement. But at this stage he appears to have made no progress towards persuading Mr Shamir of the need for greater flexibility in the face of continuing riots in the occupied territories.

Two more Palestinians died yesterday bringing the toll to nine since Mr Shultz began his mission.

The Israeli army said yesterday it was to court-martial three soldiers accused of burying alive four Palestinians on the West Bank this month.

THE LEX COLUMN

Selling steel to biased buyers

Preparing British Steel for the market turns out to be so easy that the Government has pushed it to the front of the privatisation queue. However, preparing the market for British Steel will be another matter altogether.

While the electricity industry must be fattened up, broken down and re-designed before it can be sold, the steel industry is more or less ready to go. Last week's enabling legislation showed the preparation to be a simple matter of changing the sign above the door from British Steel Corporation to British Steel plc, and subtracting the £1bn of accumulated losses from its adequate £4bn of capital.

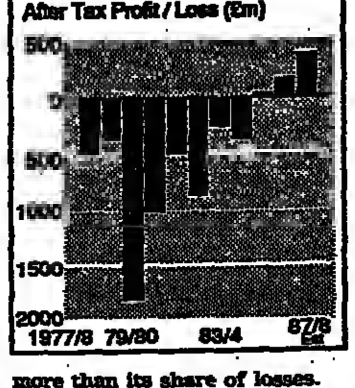
British Steel may be a breeze for the Government's lawyers, but for its merchant bank advisers and stockbrokers it may be the most difficult privatisation yet. This time the Government will be selling to investors who may feel both cautious and embittered. While the underwriters will doubtless be prepared to forgive the Government for BP in return for higher commissions, investors will need a good deal of persuading – in both price and prose – before spending £2bn or so on British Steel.

Bad timing

Assuming – as the City evidently does – that the market will be steady enough by the end of the year to absorb a major issue, British Steel would seem to be exactly the wrong sort of company with which to test its nerve. Just as the Government sold the most profitable of the defensive utilities, British Telecom and British Gas, to bull market investors with a preference for something a little more exciting, it has waited to sell the highly cyclical British Steel until the market has got the wind up about recession.

Moreover, investors have a deep-seated prejudice against the steel industry. Until now, the City of London has had little cause to understand it – the only quoted companies are far downstream or so specialised as to have almost nothing in common with BSC. Many UK investors hold a bundle of untrue beliefs about British Steel: that it is still placed in the last century, overmanned, has bad labour relations and is unprofitable. Overseas investors, on the other hand, may wish they knew less about an industry that has saddled them with more than its share of losses.

British Steel Corporation
After Tax Profit / Loss (£m)



Setting the record straight should be relatively easy, as the tale of British Steel's recent past is a gift for the advertising copywriter. Ten years ago it took 15 man hours to make a tonne of steel against 5.5 now. The number of employees has been reduced since then by three quarters to 50,000, and cumulative losses of £7bn in the late 1970s and early 1980s have been turned into a likely profit this year of £400m. British Steel now claims to be the most profitable steel company in Europe and perhaps in the world.

The downside

Persuading investors that the Government is not rushing through the sale at a time when the company is at the peak of its cycle will be more difficult. Most of the savings from its pruning and investment have already been felt, while profits in the past two years have been greatly added to by currency movements and an unlooked-for strength in steel demand. Indeed, with most of its products priced in D-Marks and its costs largely in dollars, almost any movement in present exchange rates would be for the worse.

However, even if British Steel comes to market forecasting a slight dip in profits, it may not matter much. Investors are more worried about whether it will make heavy losses in the next recession. While it would be ridiculous to pretend that steel is not a heavily cyclical industry, it is much less so than it used to be. British Steel has protected itself not just through reducing its cost base. It has expanded the range of industries it sells to – in particular has scored a dramatic victory in weaning the construction industry off concrete - and has increased its share of the export market.

At the same the products have changed completely in the last five years: the steel is lighter and stronger and the company has taken on more of the work – such as painting the steel – that would once have been done by its customers. Moreover the company will be financially equipped to cope with a downturn. It has almost no gearing, and a cash flow strong enough to withstand at least a mini-recession without threatening the £300m a year it needs to spend to remain in business.

The competition

Perhaps a bigger risk in the short term than demand is price. Some steel prices are still sheltered by EC quotas while members struggle to agree on ways of reducing their 30m tonnes of overcapacity. While there is a danger that present negotiations will break down, the resulting price war would be so desperate for the whole industry that a fudged solution involving a gradual removal of quotas seems most likely. And, as one of the most efficient producers, British Steel stands to gain most from a freer market.

However, there is little cause for cheer from the steel market itself. World demand will remain flat at best, while the share of Third World producers will continue to rise. Moreover, while British Steel currently has the advantage over its competitors the signs are that its rivals, especially in the US and Japan, are re-emerging as powerful forces. It seems if British Steel is to hold out the prospect of any long term growth, it must make much of its plans to increase its steel stockholding businesses and to institute several overseas joint ventures.

In the end, a successful flotation will be a matter of price. As there is nothing to compare it with either at home or overseas – most international steel makers are either making losses, or profits so slim that they are on three figure p/e multiples – pricing British Steel will not be easy. Estimates reach from £1bn to £3bn so to argue that the right price is £2bn might look facile. However, £2bn implies about 8 times this year's earnings, and if cajoled by a yield of 7 per cent or so, investors could probably be persuaded to swallow their prejudices and live with their fears.

هكذا من الاصل

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday February 29 1988

AMERICAN MEDICAL INTERNATIONAL

Bondholders fuel controversy with delayed buyback

AMERICAN Medical International, the US hospitals group, has become embroiled in controversy over its offer to purchase for cash up to $450m worth of its outstanding Eurobonds.

In a development believed to be unprecedented in the Eurobond market, bondholders have twice delayed AMI's offer to buy a $250m zero-coupon issue due in 2002, though they have accepted it for a $200m zero-coupon issue due in 1997. The former offer is to be laid before them again next month, but only a significant sweetening of terms looks likely to enable AMI to win the day.

Objections have centred on the fact that AMI'a offer, advertised last month, atated that bonds would only be accepted for purchase if they had been voted in favour of a resolution allowing for the removal of certain financial undertakings provided by AMI.

Critics argue that this puts undue pressure on bondholders to vote in favour of loosening the conditions, since any investor who votes against – and so is left holding the bonds – will find it has become less marketable.

"The fact that AMI is linking the ability to surrender bonds with how one votes on the resolution is tantamount to an armlock. I see this as highly cynical," said Mr Angus Hanton, a British private investor.

Some bondholders also complain abont AMI's use of its control of proxies. It has voted them in favour of adjournment of two meetings after it had become apparent that a majority of bondholders would vote against its resolution.

The affair seems certain to worsen AMI's reputation in tbe Eurobond market, already damaged last summer when it sought to take advantage of a decision by the US – later revoked – to undo its double taxation treaty with the Netherlands Antilles. The US decision threatened to make bonds issued through a Netherlands subsidiary liable to withholding tax.

AMI was then one of the few US companies to risk tarnishing its image by announcing its intention to call bonds which, having been issued through a Netherlands subsidiary, appeared to be callable under their tax clauses. Thia was attractive to AMI because falls in interest rates since 1982, when the bonds were issued, meant they could be refinanced more cheaply.

"After AMI attempted to exploit the withholding tax debacle, this new initiative has left a bitter taste in some bondholders' mouths," said Mr Andrew Pelling, who has a amall holding in one of the affected issues and is also a Eurobond syndicate manager at Nomura International.

On February 11, holders of $75.2m worth of the nominal amount of the shorter-dated bond voted in favour of the resoIntion altering financial guarantees, and $21.8m against. (Attenders represented a quorum because not all the bonds originally issued were still outstanding.) AMI thus achieved a narrow victory since it needed a 75 per cent majority.

AMI is now showing signs of bowing to pressure. It said at last Tuesday's meeting that it was considering improving its price on the longer-dated bond, for which it is offering $19.03 for every $100 face value. This is about three points above the recent levels at which the bond has traded in the market.

Both AMI's zero-conpon issues have underperformed other zeros in the market during the past few years, as the company has been downgraded. It is now rated Triple B plus by Standard & Poor's. On Friday, AMI officials in Beverly Hills, California, were unavailable to comment on the offers.

Clare Pearson

INTERNATIONAL BONDS

New issues stuck on a plateau

SEVEN BORROWERS raised between them $1.23bn in the Eurodollar new issues market last week despite lacklustre activity in the seasoned issues and an unencouraging background in the US Treasury bond market.

However, doubts are emerging in the Eurobond syndication community about how long this steady flow of new paper in the primary market can go on, unless a further rally in Treasuries helps propel bonds off underwriters' books.

Eurobond new issue activity inevitably lags shifts in investors' preferences in the secondary market, because of the time gap between dealers spotting the "windows of opportunity," and the mandate-seekers persnading borrowera to take advantage of them.

The US Treasury market has provided no impetus for the Eurodollar sector for about two weeks.

As one syndicate manager said: "The market's medium-term view is that interest rates are going lower. But it could do with some short-term support for that thesis."

Comments made by Mr Alan Greenspan, chairman of the US Federal Reserve Board, that the Fed had eased monetary policy slightly in recent weeks provided some support last Tuesday.

However, though Mr Greenspan's comments confirmed what much of the market had risked assuming in any case, they did not eliminate the possibility of a less accommodative stance if inflation picks up later in the year.

The downward drift in the dollar last week, partly in response to Mr Greenspan'a comments, provided the bond market with little in the way of encouragement.

Some syndicate managers report continuing demand for new Eurodollar paper. But the more general view is that the new issues market is now stuck on a platean and investors see little reason to commit new funds while the market is not moving.

Moreover, in terma of its value relative to the US Treasury bond market, the recently-issued section of the market now looks more expensive than it has for some time.

Yields spreads over US Treasury bonds provided by issues for sovereign and state-backed names have narrowed by about 10 basis points since the beginning of the month.

An issue for **Caisse Nationale des Telecommunications**, for instance, which was launched in the first week of February at a yield spread over US Treasuries of 67 basis points, was on Friday providing a pick-up of only 56 basis points.

The performance of a new $200m three-year bond for **Toyota Motor Credit**, launched last Tuesday, underlined the fact that the Eurodollar sector had run out of steam, some syndicate managers said.

Bonds for Toyota provide good yardsticks of grass roots demand, it is argued, because uniquely among Japanese corporates the borrower has achieved household-name status in Europe.

When **Toyota Motor Finance**, the European subsidiary of Toyota, came to the market at the start of the month, the reception was enthusiastic.

However, last week's issue moved slowly, bid on Friday afternoon at a discount greater than its total fees while its yield margin over US Treasury bonds had widened by about five basis points aince its launch.

A $200m deal for **Deutscbe Bank Finance**, launched on Friday, provided the one real bright spot of the Eurodollar new issues market.

During the afternoon, this was bid as high as less 1½, against its 1⅞ per cent fees, having shed 10 basis points in yield margin terms during the day. But then it was the first Eurodollar issue for Deutsche Bank since mid-1986.

C.P.

EUROCREDITS

Soviet bank returns for $150m

THE SOVIET Union'a **Bank for Foreign Economic Affairs** is raising $150m in an important loan which marks a recognition that the terms it sought last year were too aggressive.

Crédit Lyonnais has been mandated for the eight-year deal, which carries a margin of 3/16 percentage points above London interbank offered rates.

This compares with a ⅛ margin for the same maturity on a $200m loan arranged last year by First Chicago, which had a difficult time in doing so. Since then, the borrower has only attempted private deals.

Front-end fees on the new loan range from 10 basis points for commitments of $2m up to 20 basis points for $20m, meaning that the all-in return will be above 20 basis points.

Though some bankers seized on the terms as a sign that margins for sovereign credits might have bottomed, others felt they were still too tight for the Soviet Union and were waiting to assess other banks' response.

The borrower has said it plans a range of international borrowings following its SFr100m bond issue but it is still hampered by the need to settle outstanding pre-revolutionary claims with countries other than the UK. Major Swiss banks did not take part in the bond issue.

Another sovereign making an indirect return to the market after a long absence is Spain, held back last year by the debt rescheduling of the electric utility Fecsa.

Enasa, a state holding company, is providing a guarantee for a loan to **Autopistas Concesionaria Astur-Leonesa (Ancalsa)**, a motorway concern.

Chase Investment Bank has the mandate to arrange the four-year bullet loan for the dollar equivalent of SFr50m, to refinance a bond issue. It carries a margin of 15 basis points.

Hunger for Spanish exposure after last year's dearth is, perhaps, suggested by the response to a loan arranged by Bank of Tokyo for **Autopistas Concesionaria Espanola**, another motorway concessionaire, which has been increased by just over Y7bn to Y16.75bn.

Also increased was **TI Group's** deal from £200m to £300m, **Chrysler Financial's** from $760m to $1bn and **Polly Peck's** from £50m to £75m.

Elsewhere, Samuel Montagu is arranging a £165m loan and guarantee facility for **Shotton Paper**, a subsidiary of Finland's United Paper Mills.

Citicorp Investment Bank is arranging a $55m three-year facility for **Ahold USA**, a subsidiary of the Netherlands retailing group.

Terms of the deal, into which banks are being invited for $13m, are not disclosed.

Chaussures André of France has mandated Société Générale and Crédit Commercial de France to arrange a Ecu100m five-year extendable facility with a margin of 12.5 basis points above either domestic or Euro-rates.

Avco Trust, a UK consumer finance company, signed a £60m facility arranged by S.G.Warburg with a 12.5 basis point facility fee and a 15 basis point on the £40m committed portion, with a utilisation fee of 5 basis points if over 50 per cent drawn.

Alexander Nicoll

Moulinex heads for management buyout

BY PAUL BETTS IN PARIS

ONE OF France's biggest business succession problems was resolved et the weekend when Mr Jean Mantelet, the 87-year-old founder end chalrman of Moulinex, the French kitchen appliance company, signed an agreement to hand over control of his group lo its top management after his deeth.

The unusual management buyout deal has lifted s cloud that has long hung over the future of Moulinex, now on the road to recovery having been rocked by heavy losses in recent years.

Mr Mantelet, who transformed his company from a small cottage industry into a multinational group with sales of FFr3.5bn ($613m) during the past 65 years, has signed an agreement promising to sell control of his company for an undisclosed amount to its three senior executives including Mr Roland Darneau,the chief executive, Mr Gilbert Torelli and Mr Michel Vannoorenberghe.

The current stock market value of Moulinex is around FFr750m.

Under the agreement, the three executives will acquire after Mr Mantelet's death his 42 per cent stake in the company and his control of about 59 per cent of the voting rights. Mr Derneau said the plan would also associate as many managers and employees of the company as possible. Moulinex employs about 8,500 people.

In recent years, there had been considerable speculation about the future of the company. Apart from the absence of direct heirs to succeed Mr Mantelet, Moulinex has had to weather major industrial problems after an unhappy attempt to break into the US market, difficulties in the UK – the largest market for microwave ovens in Europe – as well as problems at home.

However, the recent recovery at Moulinex has persuaded Mr Mantelet to agree to hand over control of the company to its management after his death.

Astra to raise dividend

BY SARA WEBB IN STOCKHOLM

ASTRA, the Swedish pharmaceuticals group, lifted its profits after financial items by 12.4 per cent last year to SKr1.33bn ($222m). The board is proposing to raise the dividend from SKr1.56 to SKr2 a share.

Group sales increased 9 per cent to SKr5.41bn, from SKr4.96bn in 1986, with most of the rise stemming from increased volumes.

This year, Astra expects group sales to increase by at least 10 per cent while earnings will improve at a slower rate and will depend to a certain extent on how successful the launch of Astra's new anti-peptic and anti-hypertension agents is in new markets.

Sales of respiratory disease agents showed the biggest increase last year, up 20 per cent to SKr1.25bn, which Astra said was due to the rapidly-growing market and its ability to offer a wide range of products.

Astra said thet sales of Pulmicort, which is used for the treetment of asthma, had increased by 40–45 per cent in West Germany and the UK.

Sales of cardiovascular agents have slowed down with an increase of only 8 per cent to SKr1.58bn.

EUROMARKET TURNOVER ($m)

Primary Market	Straights	Conv	FRN	Other
US$	3,369.6	79.6	798.0	6,725.2
Prev	2,708.7	0.0	15.0	5,740.8
Other	1,722.7	1.8	831.1	459.4
Prev	4,067.0	32.2	0.0	1,338.6
Secondary Market				
US$	20,223.1	1,829.0	7,042.4	6,279.6
Prev	20,418.3	1,490.5	6,546.7	7,044.7
Other	19,970.7	625.9	4,654.4	21,024.9
Prev	20,539.0	630.1	6,798.2	27,796.6

	Cedel	Euroclear	Total
US$	13,711.0	32,635.5	46,346.5
Prev	11,831.9	32,132.8	43,964.7
Other	22,415.8	26,875.1	49,290.9
Prev	23,760.8	37,440.9	61,201.7

Week to February 25, 1988 Source: AIBD

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Pre-budget run-up fails to emerge

THE GILT-EDGED securities market moved in fits and starts last week and its performance this week should largely depend on today's release of trade figures for January.

The market appears unable to sustain any view for very long at present. A run in any direction is soon broken by profit-takers and no one appears prepared to buck the trend. Yields on long-dated securities seesawed last week to close around 9.30 per cent, slightly higher than the previone week's 9.25 per cent.

It perhaps says a lot about the state of confidence that, in this land of tradition, even something as traditional as "the pre-Budget run-up" has so far failed to emerge. This is even more surprising given the technical outlook for gilts.

Assuming the Chancellor does announce the first planned Budget surplus since Mr Roy Jenkins did in 1969, as everyone fairly does, then the implications become very interesting indeed. Forecasts range from no gilts issues at all (even redemptions being unnecessary) to no, or very little, net issuance.

Since the early 1980s, gilts policy has fallen into two distinct phases, with the new financial year perhaps marking the beginning of the third.

The first lasted until late 1985 and represented the high water mark of the Government's commitment to monetarism. This was a period in which the Bank consistently overfunded the PSBR because it was concerned with the rate of growth of sterling M3.

The fact that it led to a quantum leap in the bill mountain and seemed to encourage round-tripping was one reason for ditching it, along with sounding the death knell of M3 targetry, in late 1985. Disintermediation, which led to corruption of the monetary aggregates, was the official reason for finally doing away with M3 some time later.

From then, until now, the policy has been to neutralise the effect of the PSBR (and official exchange rate intervention) on M3 through sales of gilts to the non-bank private sector, plus or minus £500m. In 1986/87 and in this financial year it has been successful.

The prospect of a zero to surplus PSBR together with the probability that official intervention is more likely to be contractionary than expansionary of M3 therefore raises the intriguing question of what the Bank does.

In November, the Chancellor relaxed funding policy and allowed the Bank to underfund. This followed market fears that to sterilise the *M3* effects of large-scale foreign exchange intervention at a time of uncertainly and perceived liquidity shortage could further destabilise markets.

Although it requires a rather long bow to be drawn, there were suggestions in the market last week that this change in policy could be used to justify *over-funding* in the coming financial year, thereby meeting an assumed demand for gilts. But with M3 likely to slow considerably next year it is ques*tionable* that the Bank would want to exacerbate that trend.

Another possibility is that the Bank may return to the older definition of "funding", current in the immediate post-War period, and seek to convert short and medium-term gilts into longer-term securities to supply the longer end of the market; that is, lengthen the maturity profile of the Government's debt.

The source of this stock could be the building societies. Due to changes in taxation and capital adequacy rules, a secular change in the societies' investment priorities has been underway for some time. In March 1984, the societies owned 10 per cent of the gilts market; by March 1987, this had fallen to 6.2 per cent.

They have always tended to concentrate in the "up to five years" segment of the market, but even here they have given up market share. In 1984 they owned 26 per cent (or £9bn) of that market segment and by 1987 their share had fallen to 19 per cent (£7.8bn).

The buying-in of stock and re-packaging it in longer medium-term issues (to satisfy foreign interest) and long-term issues (to satisfy pension fund demand) is one possible way for the Bank to retain a presence in the market while exerting only a minimal contractionary influence on the monetary aggregates.

The extent of the Bank's interest in doing this, however, may be restrained by its desire to see companies return to the long-term debenture/debt market which it expects them to do in the wake of the stock market collapse.

Simon Holberton

US MONEY AND CREDIT

Interest rate influences in total balance

When Mr Alan Greenspan says "equilibrium," as he has done repeatedly in the last two weeks, he really means it. Rarely has there been such total balance between the influences on US interest rates.

Take the stock market. The bulls and bears have battled *mightily on certain days this* week but, in the end, the outcome was a negligible gain of nine points or 0.1 per cent on the Dow Jones Industrial Average.

Not since October's crash have the bulls and bears on Wall Street been so precisely matched in an equity market struggle which is unusually significant for fixed interest investors at present.

Such is the importance of the state of confidence on Wall Street at this uncertain juncture in the US business cycle, this may well be a period when the conventional wisdom about stocks taking their cue from bonds is exactly reversed.

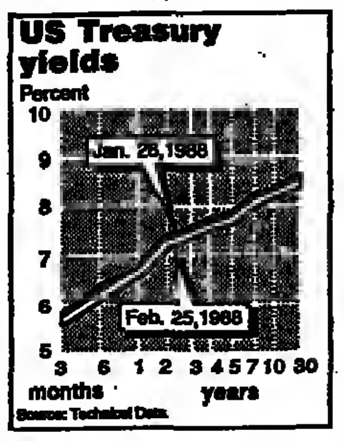
Today, the Federal Reserve Board's monetary policies are at least as likely to respond to the performance of the stockmarket as vice versa - and, so far, the stock market is flashing bright amber.

The economic influences on interest rates are equally well balanced. Some of the recent economic indicators have euggested a slightly stronger US economy that expected. Thursday's revision of the fourth-quarter GNP figures from 4.2 per cent to 4.5 per cent showed not only that the US economy was growing strongly after the crash, but, more importantly, that some of the strength was still emanating from final sales and not just *bloated inventories.*

But, whereas the figures for consumption, business investment and imports all proved somewhat higher than first reported, the general picture presented by the report was perfectly consistent with the *original estimates - an economy* in which production was outpacing demand.

Inventories grew by a whopping $56.7bn, insignificantly less than the original report of $58.3bn. Real final sales grew at an annual rate of 1 per cent instead of the 0.6 per cent estimated earlier, while consumption fell at a rate of 3.1 per cent, rather than 3.8 per cent. These were hardly the sort of figures to lay to rest all fears of recession once and for all - especially since they revealed a worse trade performance than the one originally reported.

However, before the bond market got carried away with gloating about a pronounced economic slowdown, another batch of figures suggested that demand had been strengthening, rather than weakening further, since the beginning of the year.



Non-defence capital goods orders were up by 1.5 per cent in January, after a fall of 12.5 per cent in December and car sales ran at an annual rate of 7.7m units in February compared with 7.3m in January, enconraging even General Motors to speak of reopening idled facilities and recalling laid off employees.

Finally, there were Mr Greenspan's own perfectly-judged comments to the House and Senate Banking Committees to keep the market frozen between hopes of recession and fears of excessive economic growth. The new Fed chairman proved a worthy successor to Mr Paul Volcker in his ability to convince the markets of his determination to stick to a clearly defined monetary policy, while giving no real clues as to what that policy might be.

In this spirit, Mr Greenspan delighted the bond market bulls by telling them on Tuesday that the Fed had eased policy "slightly" a few weeks earlier in response to what it perceived as economic weakness. The very next day he played to the other side of the ball with a dramatic denunciation of the Reagan Administration's attempts to meddle in monetary policy.

He railed at the Treasury for having dared to suggest that monetary policy was too tight in a letter sent to the Fed on January 21. Mr Greenspan said he "objected quite strongly" to this kind of interference, pointed out that the economic figures were now "quite strong" and won universal plaudits for his zeal as an inflation-fighter and his assertion of political independence.

Nobody seemed to be struck by the coincidence between January 21 and the "few weeks ago" to which Mr Greenspan had earlier referred as the point when the Fed in its own independent wisdom decided that the economy was in danger of stagnating. Nobody, that is, except perhaps the traders in the oil, commodity and gold markets. Prices in all of these markets have been tumbling for a month or more – a little-noticed development which is more likely to portend recession than economic overheating.

*

Below are the economic statistics due for release this week, along with market expectations as eurveyed on Friday by Money Market Services of Redwood City, California:

●Leading indicators in January (Tuesday) are expected to show a fall of 0.4 per cent, with forecasts ranging from minus 0.8 per cent to plus 0.2 per cent. A fall in the leading indicators would be the fourth such decline in a row, after the falls of 0.1 per cent in October, 1.2 per cent in November and 0.2 per cent in December.

●New home sales in January (Wednesday) were not surveyed, but MMS itself forecasts a fall of 1 per cent, while Nomura Research Institute expects a fall of 2.2 per cent.

●Manufacturing inventories, orders and shipments (Wednesday) were not surveyed, but NRI forecasts a rise of 0.3 per cent in inventories and a fall of 1 per cent in orders. Smith Barney predict that inventories will be up by nil to 0.5 per cent, orders down by 1 to 1.5 per cent and shipments down by 1.5 to 2 per cent.

●Money supply (Thursday) forecasts are as follows - M1 up by $1bn with a range of nil to $3.7bn, M2 up by $5bn with a range of $3.9bn to $8bn, M3 up by $7.5bn with a range of $3.8bn to $15bn.

●Employment and unemployment for February (Friday) will be the week'e most closely watched statistics. The market consensus expects unemployment to remain unchanged at 5.8 per cent, with estimates ranging from 5.7 to 5.9 per cent. Non-farm payrolls should grow by 200,000, with forecasts varying from 100,000 to 275,000.

Anatole Kaletsky

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.60	6.70	6.66	7.70	5.96
Three-month Treasury bills	5.60	5.66	5.65	7.17	5.03
Six-month Treasury bills	5.77	5.95	6.02	7.45	5.39
Three-month prime CDs	6.45	6.45	6.73	8.38	6.11
30-day Commercial Paper	6.50	6.56	6.63	7.42	6.05
90-day Commercial Paper	6.55	6.60	.70	8.65	5.95

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	103½	+½	7.95	8.05	8.06
20-year Treasury	100⅝	+⅞	8.44	8.53	8.47
30-year Treasury	105⅝	+1	8.36	8.45	8.43
New 10-year A Financial	NA	NA	9.15	9.20	9.15
New AA Long utility	NA	NA	9.55	9.57	9.38
New AA Long industrial	NA	NA	9.45	9.50	9.25

Source: Salomon Bros (estimates).

NRI TOKYO BOND INDEX

December 1983 = 100	25/2/88	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	142.39	4.42	142.23	138.78	135.47
Government Bonds	143.01	4.10	142.77	139.34	136.01
Municipal Bonds	143.99	4.79	143.91	139.77	135.10
Govt.-guaranteed Bonds	145.39	4.79	145.34	140.79	135.89
Bank Debentures	136.71	4.21	136.59	134.41	132.54
Corporate Bonds	141.86	5.34	141.75	139.02	135.44
Yen-denom. Foreign Bonds	142.24	6.44	142.06	139.12	138.60
Government 10-year†		4.90	4.95	5.12	5.05

† Estimated par yield

Source: Nomura Research Institute

Downturn for Saga Petroleum

By Karen Fossli in Oslo

SAGA PETROLEUM, the fledgling Norwegian independent oil company, experienced a decrease in profits in 1987, before extraordinary items, to NKr456m ($71.6m) compared with NKr537m and said that it will not recommend a dividend payment "due to continued uncertainties in the energy market and the company's commitment to large, future investments."

Operating revenue increased eix-fold to NKr172m because "more oil and gas was sold at a higher price" during that period.

Plans for its $100m–$150m convertible Eurobond offering are still on hold because of "the significant general price collapse in domestic and foreign exchanges."

However, Saga still plans to seek a listing on the London Stock Exchange, although no fixed timing has been clarified. The company'e share of oil and gas production from the Norwegian continental shelf totalled 5.8m barrels of oil and condensate, and 180m cubic metres of gas. Mr Asbjoern Larsen, Saga's president, said the company has some 475m barrels of oil reserves and 86bn cubic metres of gas.

Earnings per share in 1987 were nearly halved to NKr16.84.

Sales of petroleum products in 1987 earned NKr875m, compared with NKr615m in 1986. Saga expects a positive result for the current year.

FT/AIBD INTERNATIONAL BOND SERVICE

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INTERNATIONAL COMPANIES AND FINANCE

La Générale camp confident of solidarity

BY PAUL BETTS IN PARIS AND TIM DICKSON IN BRUSSELS

THE FRANCO-BELGIAN group of shareholders who claim to control 52 per cent of Société Générale de Belgique appeared confident over the weekend that their coalition will hold together in the face of Mr Carlo De Benedetti's sharply increased offer for the company.

The temperature in the spectacular six-week-old battle for Belgium's most powerful business institution was again dramatically raised on Friday when one of the partners, the Swiss Elektrowatt holding company, announced that its 4 per cent stake was not tied to any formal agreement with the Franco Belgian group, led by the Paris-based Compagnie Financière de Suez.

This immediately raised speculation that the decision by Cerus, Mr De Benedetti's French-based financial holding group, to double its offer for SGB from BFr4,000 ($113½) to BFr8,000 last Thursday had driven a wedge between the alliance.

Elektrowatt, however, subsequently confirmed that it was in the Franco-Belgian camp, while on Belgian television yesterday Mr Maurice Lippens, managing director of Belgium's leading insurance company Groupe AG and spokesman for the Belgian shareholders, insisted that the Franco-Belgian group was "solid." He explained: "There are extremely precise agreements between all the parties, which are irrevocable."

Unlike the aborted agreement between Suez and Mr Andre Leysen, chairman of the Flemish holding company Gevaert, which collapsed earlier this month, all the partners in the group which claims 52 per cent of SGB are understood to have signed written commitments. Although they differ between the various parties, they all include clauses backing the Franco-Belgian group including a freeze on sale of La Générale shares for periods varying from three months to a year and an agreement to give the group pre-emption rights on the sale by one of its partners of its shares in SGB.

The group clearly does not rule out that some of its members might be tempted by the high price Mr De Benedetti is now offering, but the pre-emption right would give the Franco-Belgian camp the chance to buy shares at the same price as Mr De Benedetti's bid.

In his television interview yesterday, where he appeared alongside Viscount Etienne Davignon, a director of La Générale and leading spokesman for the beleaguered SGB board, Mr Lippens explained that "like us, Elektrowatt is not against Mr De Benedetti." He emphasised that the group wanted a partnership of all shareholders – "we are partners of Suez, not followers," he said in a pointed reference to the way in which Cerus describes its shareholder allies – and he again criticised the "media circus" of the last few weeks.

Asked about the possibility of calling an EGM, he indicated that he was only in favour of this when the development of the company could be discussed.

With the Cerus offer (for 7 per cent of the capital) due to close on Friday, the pressure from Mr De Benedetti is bound to intensify this week. Cerus and its allies now claim 45 per cent while the Franco-Belgian group consists of Suez and its partners (27 per cent), Belgian companies, Elektrowatt and a syndicate of so far unidentified Luxembourg companies (16 per cent between them), Compagnie Générale d'Electricité (CGE) of France (5 per cent) and Gaz et Eaux (4 per cent).

Meanwhile, the Stock Exchange authorities decided on Friday to suspend trading in La Générale's shares and for the second successive day to quote only an "indicative" price. This was BFr8,060 against BFr7,010 on Thursday. From today the stock will be delisted from the main forward market and will only be traded on the cash market.

Credit Suisse payout up

By John Wicks in Zurich

CREDIT SUISSE, the big Swiss bank, reports a 3 per cent decline to SFr500m in net profits for 1987 and says that its operating climate in the current year was likely to be "particularly demanding."

The bank has increased its dividends for 1987, however. It plans to pay SFr108 per bearer share and SFr21.60 per registered share, against SFr107 and SFr21.40 in 1986.

Within gross income of more than SFr2.9bn last year, the bank's earnings from securities and participations fell 6 per cent to SFr677m. However, net commission rose 11 per cent to SFr1.15bn and earnings from foreign-exchange and precious-metals trading by 5 per cent SFr338m.

The balance sheet total was up 3 per cent to SFr107.2bn and would have expanded by 9 per cent at unchanged dollar parities. Deposits improved by 1.2 per cent to SFr65.5bn while advances increased by 9 per cent to SFr48.2bn.

ABN profits hit by October market fall

BY LAURA RAUN IN AMSTERDAM

ALGEMENE BANK Nederland (ABN), the largest bank in the Netherlands, saw its profits slip a modest 2 per cent in 1987 – the first decline in recent memory – under the weight of the October share crash.

Barring another stock market collapse and a further sharp fall in the dollar, earnings this year should be around the same level as 1987, said Mr Robertus Hazelhoff, chairman.

A sombre trend was already in evidence in the second half of last year, when income was down and costs were up compared with the first half of 1987 and with the year-earlier period.

Net income at ABN fell to Fl 517m ($273m) last year from Fl 527m in 1986 on the considerable drop in income from securities, mostly due to losses in the bank's portfolio. The drop was greater than the rise in interest and foreign exchange income, leaving total income 0.9 per cent lower.

Total costs rose 1.6 per cent to Fl 2.93bn, from Fl 2.88bn.

Operating profits declined 6 per cent because of the domestic slump, while foreign activities reported higher results. Partly offsetting the losses on securities were lower contributions to loan-loss provisions and substantially lower taxes.

The balance sheet total edged up 3 per cent to Fl 150.9bn at the end of 1987, from Fl 146.7bn a year earlier.

The dividend for 1987 was unchanged at Fl 2.70 a share.

Japanese clothing group ahead

By Stefan Wagstyl in Tokyo

RENOWN, Japan's largest clothing manufacturer, lifted profits by 10 per cent last year to Y9.7bn ($75.5m), falling short of market forecasts due to sluggish sales of winter wear.

A warm winter hit sales in the last months of the year, holding back turnover to Y211bn, down 2 per cent. The company also suffered from lower non-operating profits as a result of a fall in earnings from *zaitech* fund management. After-tax profits were down 26 per cent at Y4.3bn.

The company expects to increase profits in 1988 thanks to expanding sales of sportwear and men's suits, lines which have been recently developed alongside the group's core business in women's clothing. Upmarket brands developed for speciality shops are also selling well, says Renown.

●Sapporo Breweries, Japan's second largest brewer, has proved that *zaitech*, the investment of surplus corporate funds in financial markets, is not dead yet.

The company's pre-tax profits for 1987 rose 5.2 per cent to Y13bn ($101.2m), due entirely to a Y3bn increase in financial profits. Operating earnings fell 3.6 per cent amid increased competition in the domestic beer market.

Sales were up 7.1 per cent to Y467bn, with beer up 7 per cent and wines up 21 per cent.

Adidas aims for faster expansion in US

BY ANDREW FISHER IN FRANKFURT

ADIDAS, the West German sports shoe and clothing group, aims to speed up the pace of growth in the US and Japan, both markets where it is still well below its potential, Mr Rene Jaeggi, the chairman, said.

The company also needed to improve its overall profitability, he added at a press conference. Adidas, the largest sports equipment company in the world, made higher profits in 1987, but these "still cannot be regarded as satisfactory."

The family-owned company does not release profit figures. Mr Jaeggi, chairman only since last October, said European operations, apart from France, increased profits in 1987. But US losses, caused by reorganisation and launching of new product lines, burdened the group. In 1988, however, Adidas should break even in the US.

Like its quoted rival Puma, *Adidas has been affected by the* runaway success of Reebok shoes in the US, though less dramatically. Both companies have spent heavily to gain control of their distribution networks and to bring out new, more fashion-oriented, shoe and textile lines.

Adidas's total sales slipped from DM4.1bn to DM4bn last year, the decline mainly reflecting the dollar's fall. This year, turnover should again reach DM4.1bn ($2.4bn), with shoes accounting for 53 per cent (56 per cent in 1987) and clothing and other equipment for the rest. In the next few years, Adidas aims to lift its turnover to DM5bn, Mr Jaeggi said.

Geographically, Germany accounts for 22 per cent of sales and France for 10 per cent. He said there was certainly scope for more growth in Japan (4 per cent of the total), the second biggest sports goods market after the US; his goal is to double Japanese sales to Y50bn (around $400m).

In the US, which accounts for 14 per cent of business, Adidas was aiming for an eventual $500m of turnover against an expected $350m this year and $320m in 1987. Adidas is number four in the $3bn a year US market, behind Reebok, Nike and Converse.

Christiania to maintain forex operations abroad

BY KAREN FOSSLI IN OSLO

CHRISTIANIA BANK, Norway's second-largest banking group, has no plans to shut down foreign exchange trading operations in foreign subsidiaries, although forex operations in one domestic unit have been stopped and bond trading has been scaled down.

The bank, which is in the process of cutting staff after running heavily into the red for 1987, said that preliminary figures for 1987 put net profits for its forex division at slightly below NKr200m ($31.4m). The bank's forex operations turned in a massive NKr346m profit for 1986.

The bank said that "forex operations, both domestically and abroad, are considered satisfactory."

Group operating profits last year fell from NKr1.25bn to NKr460m which at the after tax level translated in a loss of NKr490m. The bank, which made a 1986 net profit of NKr842m, is not paying a dividend for 1987.

Management consultants, Spicer and Oppenheim, were engaged by Christiania last year. The bank is currently running down its staff levels in London and New York. It has already closed representative offices in Rio de Janeiro, Houston and San Francisco.

South African retailer makes strong advance

By Jim Jones in Johannesburg

TRADEGRO, one of South Africa's largest retail and wholesale trading groups, lifted sales by almost two-fifths in the six months ended December 1987, while pre-tax profits advanced to R57.5m ($32.3m) from R29.7m.

The largest growth in sales came from Metro, the 46 per cent owned wholesale chain, which lifted turnover to R1.18bn from R770m. Its pre-tax profit increased to R18.6m from R11.0m.

The biggest pre-tax profit was generated by Rusfurn, the furniture and appliances retail chain, which showed an increase in interim pre-tax profit to R32.9m from R15.6m on turnover up from R219m to R359m.

Tradegro said that Checkers, the wholly-owned supermarket chain, continues to suffer from intense competition and its margins remain particularly narrow. It generated a pre-tax profit of just R3m in the six months on a first-half turnover of R1.17bn.

Group net earnings rose to 14.5 cents a share from 9.1 cents in last year's first half and against 16.3 cents for the past financial year as a whole. No dividends have been declared since 1985.

Approval given for takeover of Irving Bank

By Anatole Kaletsky in New York

THE BANK of New York has won approval from the New York State banking department for its hostile takeover bid for Irving Bank. The two banks are still waiting for a decision from the Federal Reserve Board. But remarks this week by Mr Alan Greenspan, Fed chairman, suggested strongly that the central bank was also likely to permit BNY's bid to go ahead.

Irving shares jumped in heavy trading on Wall Street after the banking department's announcement but were still trading short of the $62 a share which BNY has offered in its $1.1bn bid.

The gap between the market and offer prices appeared to reflect continuing scepticism about BNY's ability to consummate the merger even after regulatory obstacles are overcome.

Irving's board has enacted a series of "poison pill" takeover deterrents, including the placement of voting convertible preferred stock issue in friendly hands.

Scitex reduces losses as turnover surges to record

BY ANDREW WHITLEY IN JERUSALEM

SCITEX, the Israeli manufacturer of computerised imaging equipment for the printing and publishing industry, has significantly reduced losses and made record sales in its latest year.

The company, a subsidiary of the Clal group, lost $4.6m compared with a previous $34m deficit. The improvement was *reflected in modest profits for* the last two quarters.

Scitex claims 43 per cent of the market in its specialised field. Revenues for the year reached $159.3m.

The company's position in the European market was instrumental in helping it escape currency-related problems other Israeli high-technology concerns suffered in the US.

Mr *Efraim Arazi*, chairman, attributed the improvement to both higher productivity and the strength of West European currencies against the dollar.

He forecast sales growth continuing at the 20 per cent rate of the last 12 months.

● Elscint, the Israeli company which produces medical imaging equipment in the US, made a small profit on operations in its latest quarter, Our Financial Staff writes.

It is the first profit in three years. Net operating earnings for the three months to December were $305,000 compared with a $10.3m loss in the same 1986 period. Revenues grew from $36.9m to $42.1m.

For the first nine months of the year, which ends next month, the company remained $5.3m in the red, although this was sharply reduced from the previous $29.6m deficit.

The nine months brought an additional gain of $38.1m on a debt restructuring completed last August.

Underwriting surplus for Commercial Union SA

BY OUR JOHANNESBURG CORRESPONDENT

COMMERCIAL UNION, the South African composite insurer which is an affiliate of Commercial Union Assurance of the UK, returned to an underwriting surplus in 1987 despite a sharp increase in flood claims from Natal.

Net premiums written increased to R202m ($97.1m) from R167m, an underwriting surplus of R10.9m was generated against a deficit of R2.7m and the year's pre-tax profit rose to R26.0m from R12.1m.

Short-term insurers as a whole are likely to receive considerably larger flood claims this year. Damage and losses in the floods currently affecting large parts of the Orange Free State and northern Cape are estimated at R70m and growing, while renewed flooding is taking place in Natal where last year's floods are estimated to have caused damage of about R400m.

Net earnings rose to 187.1 cents a share from 112.7 cents and the year's dividend has been lifted to 57 cents from 47 cents.

Intel optimistic after record final quarter

By Our Financial Staff

INTEL, the US semiconductor manufacturer, has made a strong start to the current year.

Mr Andrew Grove, the group's president, said that he expected first-quarter sales and earnings to grow in the "high single-digit" range compared with the fourth quarter of 1987.

In the fourth quarter, Intel earned a record $95.5m or 55 cents a share, on sales of $572.5m, boosting full-year net income to $248m or $1.38 a share, against a net loss of $173m or 99 cents in 1986.

Mr Grove declined to provide specific forecasts for sales and earnings in the first quarter, but he said orders were "shaping up" to match the record level recorded in the previous three months while gross margins should be stable.

Jutland bank in the black for full year

By Hilary Barnes in Copenhagen

JYSKE BANK, which is based in Jutland, reported net earnings of DKr151m ($23.4m) in 1987 compared with a 1986 loss of DKr51m. Earnings before loss provisions and extraordinary items were up from DKr547m to DKr577m.

The bank announced a change of dividend policy. The cash dividend will be reduced from 20 to 10 per cent, totalling DKr38.5m.

But there will be a one-for-10 subscription issue, with a similar face value, as well as a one-for-10 rights at DKr200 for shares with a face value of DKr100.

Spanish bank in property deal

By Our Financial Staff

BANCO DE VIZCAYA, the big Spanish bank, says it is planning to merge three property companies in which it has controlling shareholdings to form the largest property conglomerate in Spain.

The three companies, which have combined assets of Pta70bn ($614m), would together have a stock market value of around Pta50bn.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Nakayama Steel Wks‡♦	70	1993	5	4¾	100	Nomura Int.	4.750
Noel Ltd. (f)‡♦	50	1993	5	¼	100.10	Norinchukin Int.	-
Taiyo Sanso‡	50	1993	5	(4⅞)	100	Yamaichi Int.(Eur)	*
Orient Leasing‡	30	1993	5	8⅞	101¼	Daiwa Europe	8.432
Province of Quebec‡	200	1998	10	9	100½	CSFB	8.922
Toyota Motor Credit‡	200	1991	3	8	101.35	Merrill Lynch	7.481
Ford Motor Credit‡	250	1991	3	8	101.35	Goldman Sachs Int.	7.567
Office Cen. Cr.H'caire‡	150	1993	5	8½	101¼	Banque Paribas	8.123
Sprint IV (c)‡	30	1993	5	25p	100.10	Fuji Int.	-
British Telecom Fin.‡	200	1995	7	8½	101½	IBJ Int.	8.406
Nippon Sanso‡	100	1993	5	(4½)	100	Yamaichi Int.(Eur)	*
Greenland Gov.B.Afr(D)‡	100	1993	5	8¼	99.53	First Boston Corp.	8.369
Kinki Sogo Bank‡	100	2003	15	(5¼)	100	Nomura Int.	*
Oji Paper Co.‡	250	1993	5	(4¾)	100	Nomura Int.	*
Tokyo Tsushin Corp.‡	40	1993	5	(4½)	100	Yamaichi Int.(Eur)	*
Deutsche Bank Finance‡	200	1995	5	8¼	101½	Deutsche Bk Cap.Mkts	7.968
CANADIAN DOLLARS							
Comm.Trans.Com.Bank‡	20	1993	5	9¾	101	BNL	9.490
Fiat Finance & Trade‡	75	1991	5	9½	101¼	Banque Paribas	9.006
Dresdner Finance‡	150	1993	5	9¼	101¼	Dresdner Bank	8.926
DG Bank Int.‡	100	1993	5	9¼	101¼	DG Bank	9.113
AUSTRALIAN DOLLARS							
WestLB Int.‡	50	1991	3	12½	101½	WestLB	12.073
GZB Vienna‡	50	1992	4	12½	101½	Deutsche Bk Cap.Mkts	12.295
Sth A'tralia Gov.Fin.‡	50	1995	7	13	101½	Hambros Bank	12.637
ANZ Bank Canada‡	65	1993	5	13¼	101½	ANZ Merchant Bank	12.597
A'tralian Ind.Dv.Corp‡	75	1991	5	12¾	101½	Commerzbank	12.124
D-MARKS							
Credit Lyonnais‡	300	1998	10	6¼	100½	Commerzbank	6.057
Toshiba Ind. Velvet‡	110	1998	10	6¼	99¾	WestLB	6.176
LB Rheinland-Pfalz Int.‡	100	1993	5	5	100½	LB Rheinland-Pfalz	4.885
Hafnia Invest‡	100	1993	5	5¾	100¼	Commerzbank	5.867
SWISS FRANCS							
Konishiroku Fortif‡	50	1993	-	2⅞	100	SBC	2.125
Yasuzen Co.‡	60	1993	-	2	100	Deutsche Bk (Suisse)	2.000
Nippon Steel Chem.‡	70	1993	-	3	100	SBC	0.750
St.Gerons Ren.(a)§	70	1995	-	(5½)	100	Bqe Indosuez(Suisse)	*
Oest. Postsparkasse‡	120	1996	-	4½	100½	Handelsbank N'West	4.437
Fletcher Challenge‡	150	1996	-	4¾	101	Credit Suisse	4.747
Denmark (c)‡	300	1995	-	4	101	Credit Suisse	3.777
Asahi Denka Kogyo‡	65	1993	-	(1⅞)	100	SBC	*
Tokyo Jahl Ind.Co.‡	60	1993	-	(2½)	100	Credit Suisse	*
Albany Int'l. B.Sec.‡	250	1993	-	4	101	SBC	3.777
Sumitomo Rubber‡	120	1993	-	(1¾)	100	SBC	*
Hisamitsu Pharm.‡	30	1993	-	(2½)	100	SBC	*
Hisamitsu Pharm.‡	30	1993	-	(1½)	100	SBC	*
Draeger Finance‡	90	1994	-	4¾	99½	Credit Suisse	4.848
Towa Co.‡	28	1993	-	(2¼)	(100)	Royal Trust Bank	*
STERLING							
BP Capital‡	100	1993	5	9¾	101½	Samuel Montagu	9.361
SMAC (UK) Finance‡	60	1993	5¾	9½	101½	Baring Brothers	9.382
Mortgage Funding 10(i)‡	175	2020	6.36	42½bp	100	CSFB	-
LASMO‡	70	2003	15	7¾	100	Morgan Stanley	7.250
Westland-Utrecht H'bk‡	50	1993	5	9¼	101¼	UBS (Secs)	9.393
ECUs							
Eurofima‡	125	1995	7	7¾	101¼	Deutsche Bk Cap.Mkts	7.297
GUILDERS							
Norsk Hydro‡	250	1998	10	6¼	100	Amro Bank	6.250
Lease Plan Beheer‡	50	1993	5	5¾	99½	Bk Mees & Hope	5.868
Unilever NV‡	200	1995	7	5¾	101	ABN	5.574
LIRE							
World Bank‡	150bn	1993	5	10½	101¼	Banca di Roma	10.202
AUSTRIAN SCHILLINGS							
Austria (c)‡	2bn	1991	(c)	¼	100	G'zentrale/Ö'bk	-
YEN							
Oest. Laenderbank‡	30bn	1993	5	(4)	101¼	IBJ Int.	-
Malaysia‡	30bn	1998	10	5.4	99¾	Nomura Secs.	5.712
T.C.Turizm Bankasi‡	10bn	1995	7	6.4	100	Nikko Secs.	6.592
Banque Nat.d'Algerie‡	30bn	1995	5	6½	100	Nomura Secs.	6.606
Svenska H'banken (d)‡	10bn	1995	5	7	102	Sanwa Trust Int.	6.519
World Bank (b)‡	100bn	1998	10	5	100	Nikko Secs.	5.092

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UK COMPANY NEWS

Nick Bunker looks at the downturn in fortunes of the Sedgwick Group

Problems ahead for a global broker

IF Sedgwick Group did not exist, London's insurance market would have to invent it.

There are only one or two insurance broking houses in the world - chiefly Marsh & McLennan of the US - which outdo it in size and global reach.

Yet now, Sedgwick and its 13,000 employees face a crisis - signalled by last Friday's announcement of a 25 per cent fall in pre-tax profits to £101m and stockbroking analysts' forecasts of a further collapse to between £50m and £80m this year.

One critical difficulty is the weak dollar: in 1987, the US contributed half the group's £599m turnover. And a sudden renewal of price cutting by US property/casualty insurers, and by marine and aviation underwriters, slashed its commission income before it imposed the vigorous expense controls it says are now in place. But some argue that there are other problems, deep in the group's management, which raise a key question.

Can Sedgwick challenge Marsh & McLennan - by far the world's number one, its profits still growing strongly - as a truly global broker, offering service in depth across the world to big corporate buyers of insurance? That has been its goal since 1979 when it emerged as clearly the UK's biggest broker from a union between Sedgwick Forbes and Bland Payne.

The goal is admirable. There is room for rivals to Marsh, and everyone knew the battle would be tough. "It's like fighting IBM," according to Mr Niven Duncan, a Scot who is Sedgwick's vice-chairman. "Marsh have been at it longer than anyone else, and they're awfully good." But outsiders fear that Sedgwick's strategy has been mismanaged in its execution and may have been overtaken by events.

The key move in its global expansion was in 1985, when Sedgwick bought Fred S. James, a big US commercial lines broker. James's San Francisco-based owner Transamerica, the insurer, got 39 per cent of Sedgwick's total equity and 29 per cent of its voting shares. This was subject to an "investment agreement" preventing Transamerica until September 1989 launching a full bid for Sedgwick, or selling its stake to a possible predator. To fill out its US network, Sedgwick then bought another US broker, the Crump Companies, for £207m financed by a rights issue.

But the benefits have flowed through slowly. Interviewed in San Francisco, Mr Jim Harvey, Transamerica's chairman, said of Sedgwick: "They have not done nearly as well as we would have liked, for a wide variety of reasons."

It is argued around Lloyd's that Sedgwick paid too much for Crump, in buying it for 28 times earnings. Mr Carel Mosselmans, Sedgwick's chairman defends the deal, saying: "We had to pay too much. They wouldn't have sold for less."

Another problem was that James's traditional small to medium-sized commercial lines business undercut Sedgwick severely when insurance prices began to fall suddenly in precisely that area a year ago.

Mr Duncan insists that James is achieving its twin aims of "laddering-up" from servicing medium-sized purely domestic US clients to acquiring Fortune 500 accounts, and of obtaining American business that can then be channelled into London through Sedgwick's Lloyd's brokers.

Transamerica is not so sure. "There is a lot more business that could be channelled (into

Carel Mosselmans, chairman: no reason to resign

London), and a lot more accounts that could be gained," says Mr Frank Herringer, Transamerica's president.

Sedgwick has apparently found it much harder to integrate its businesses than was expected. Close observers feel one reason is that its management fall into competing camps: genial gentlemen from Sedgwick Forbes, more ruthless players from Bland Payne. The phrase "management by committee" is used by other Lloyd's brokers and even Transamerica to characterise its history of loose central control. And Mr Mosselmans, a genial man, is far less fearsome a figure than his predecessor, Mr Neil Mills.

Yet Sedgwick arguably consists of a series of formidable individual businesses, which in the long-term, justify its claim to equal Marsh - if they can be co-ordinated clearly. It bas been the leading insurance broker to British industry for years.

"They're always the people to fear," says Mr Hamish Ritchie, head of UK broking for C.T. Bowring, part of Marsh. Sedgwick has much-envied business ties with Shell, BP and ICI, and brokes for the Electricity Council and Eurotunnel.

Another example is E.W. Payne, the world's second biggest reinsurance broker. According to Mr Vernon Partridge, insurance analyst with Laing & Cruickshank, it "may be the real profits powerhouse for Sedgwick over the next year or so."

Sedgwick discloses little about it, though it accounted for £87m of 1987's £583m brokerage. But it is strong for instance in "LMX business" where Lloyd's syndicates and insurance companies play an intricate game of reinsuring each other. So lucrative is LMX for brokers that in 1986 Walsham Brothers - an LMX rival - made pre-tax profits of £16.5m on turnover of £18.3m.

Yet strong trading businesses like E.W. Payne conceal a possible weakness. Sedgwick remains perhaps too much a "placing broker", skilled at getting the best price for tough risks.

The importance of being more than that emerged in the US liability crisis of 1985-86. A withdrawal of capacity by insurers burned by losses left big industrial companies unable to get insurance cover at any price - and brokers had to create new markets, like A.C.E. and X.L, two alternative insurance facilities created offshore by Marsh. Or, if their clients had to go without insurance, the broker had to supply complex "risk management" services to minimise the dangers.

Sedgwick *has* made progress here, in James and in Sedgwick Risk Management Services, a 140-strong unit representing the group's *avant-garde* and led by Mr Esmee Howard, a former banker.

Yet - again, a placing broker at heart - it has failed to build a strong business offering advice on employee benefits and pensions. Marsh's huge success here has been exemplary. Its fee-based benefits consulting work, immune to insurance cycles, is growing at more than 40 per cent per year and explains why it managed a 23 per cent rise in after-tax income in 1987 to $302m.

Sedgwick is eager to expand in this field, but benefits consulting yields still makes up much less than 10 per cent of its pre-tax profits.

What happens now? The hunt is on, aided by Transamerica, for a successor to Mr Mosselmans, possibly from outside the group. "Carel is cognizant of the fact that he retires in another year," says Transamerica's Mr Herringer.

Transamerica will not comment about what it might do with its stake when the investment agreement terminates, but near-term moves to seek a waiver and bid for 100 per cent control look unlikely.

It would cost £555m, at the current market price - but late last year the San Francisco group paid $782.5m to buy Borg Warner Acceptance, a commercial credit and leasing house, sending its own net debt/equity ratio up from three per cent to a current 35 per cent. It says it is unwilling to prejudice its credit rating by seeing the ratio rise much above 45.

But Transamerica's desire for someone to take a much firmer grip at Sedgwick is unmistakable. Asked *how long* Sedgwick has to get the expected benefits of the James merger flowing through properly, Transamerica's Mr Herringer alludes to the August 30 1989 expiry of the investment agreement. "That's as good a time-frame as any," he says.

Suter sells three SA operations

Suter, the industrial conglomerate, is to sell three South African operations which it acquired last year through Mitchell Cotts, the engineering and trading company.

The disposal of the businesses in pumps, transport equipment and motor dealing, is for £5m, of which £4.4m will be used to reduce local borrowings in South Africa. The book value of the companies is more than £1.3m below their sale price.

Suter had been planning the sales for some time as part of its tidying up of Mitchell.

The company has recently increased its stake in Amari, the metals and plastics group, fuelling speculation of a bid. An immediate takeover attempt is thought unlikely, however.

AMS down to £1.73m

AMS Industries, Lancashire-based maker of microprocessor based systems, reported a fall in pre-tax profits from £2.2m to £1.73m in the year to November 30 1987.

Turnover rose by 49 per cent to £6.82m (£4.58m) and although AMS sales were slightly down at £3.63m against £3.76m, there was a full year's turnover of £3.19m from Calrec Audio, acquired in August 1986. That acquisition added £0.51m to profits.

They are recommending an unchanged final dividend of 1p to maintain the total for the year at 1.5p. Earnings per 5p share dropped to 3.75p (4.89p).

Interest received and other income was lower at £50,000 (£322,000) and the pre-tax result was after an exceptional £84,000 (£55,000) debit. Tax took £581,000 (£781,000).

Leading Leisure above forecast

BY ANDREW HILL

Leading Leisure, the leisure, property and security group, more than doubled pre-tax profits to £2.4m for the year to end-October 1987.

This compares with £1.1m in the previous year and beats the company's own forecast of £2.2m, made when Leading Leisure came to the Third Market last September.

The company - which claims to be the largest on the Third Market - hopes to get a full listing towards the end of 1988.

Mr Barry Malizia, chief executive, said the group intended to expand its leisure interests, supported by continuing growth in the property division, which currently accounts for 64 per cent of the company's trading profits.

Last year the group more than doubled turnover to £35.15m (£16.42m) and increased earnings per share to 4.9p (3.5p) compared with 4.8p forecast at the time of the quotation. The board is recommending a final dividend of 0.8p, making 1.2p (0.9p) for the year.

Ruo profit downturn

Ruo Estates Holdings, a holding company with interests in the growing and processing of tea and coffee in Malawi, suffered a downturn in pre-tax profits in the year to June 30 1987.

Profits came out at £627,232 compared with £1.4m on turnover substantially lower at £1.73m against £2.92m. The final dividend is unchanged at 4p for a same-again total of 7p.

The profits included investment and other income down from £218,371 to £162,576. There was a tax charge of £340,763 (£691,049). Earnings per 25p share were 21.1p (51.9p) on a net basis, and 22.3p (53.1p) on a nil basis. The company is a subsidiary of Eastern Products Holdings.

Medirace placing

Medirace, the Third Market start-up company, has raised £1m in a private placing of 1m shares at £1 each.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except when the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Abbey Life	Apr 1	Final 5.5	Jaguar	Mar 5	Final 6.2
Amec	Apr 1	Final 7.5	Laird Group	Apr 2	Final 4.1
BAT Inds	Mar 25	Final 8.6	LASMO	Mar 31	Final 7.0
* BICC	Mar 9	Final 8.25	NEI	Mar 25	Final 3.8
BTR	Mar 11	Final 4.754	Next	Mar 12	Interim 1.5
Booker	Mar 23	Final 9.0	Ocean Trans	Mar 25	Final 6.1
Brit Aero	Mar 24	Final 11.0	P & O	Mar 24	Final 11.5
Bunzl	Mar 31	Final 2.45	Pentland Ind	Mar 23	Final 1.015
* Cadbury Sch	Mar 3	Final 4.6	* Prudential	Mar 22	Final 19.0
Cement Road	Mar 11	Final 2.43	Reckitt Col	Apr 21	Final 11.75
Coats Viyella	Mar 24	Final 10.0	* STC	Mar 1	Final 3.0
* Comm Union	Mar 2	Final 7.6	Shell Trans	Mar 5	Final 29.5
* Cons. Gold	Mar 2	Interim 9.5	Slough Ests	Mar 30	Final 4.0
* Cookson	Mar 10	Final 6.0	Smith & Neph	Mar 25	Final 1.97
De Beers	Mar 10	Final 60c	* Steetley	Mar 28	Final 10.0
* Fisons	Mar 1	Final 5.411	Sun Alliance	Apr 1	Final 16.0
GRE	Apr 1	Final 24.0	* TI	Mar 10	Final 10.0
* Gen Accident	Mar 2	Final 16.0	Ultramar	Mar 11	Final 3.25
* Gen Mining	Mar 10	Final 150c	* Unilever	Feb 25	Final 36.17
* Glynwed	Mar 14	Final 6.5	* Utd Biscuits	Mar 30	Final 6.0
Hepworth Cer	Mar 25	Final 5.16	* Utd Newsps	Mar 17	Final 10.5
* Hillsdown	Mar 9	Final 2.75	Woolworth	Mar 24	Final 11.0
HK Shanghai	Mar 10	Final $0.38			

Ramus falls at midterm

Ramus Holdings, USM-quoted wholesale distributor of British and imported ceramic tiles, self-assembly kitchen furniture, vinyl flooring and sanitaryware, saw its taxable profits drop to £389,000 for the six months to December 31 1987. This compares with £508,000 for the 26 weeks to December 31 1986.

However, turnover rose from £16.88m to £21.06m, though earnings per share fell to 5.9p (7.1p). An interim of 2p (same) was announced.

The chairman said that although profits had been disappointing, the result had been substantially affected by exceptional expenditures which included the costs of opening a new depot in north London and moving the Leeds depot into larger purpose-built premises. Nevertheless, gross margins were affected by very competitive conditions.

However, sales for the first weeks of 1988 had been in line with budget. The company has introduced own-brand kitchens, is launching a new themed tile range and in May will introduce an additional range of sanitaryware.

TI £300m facility

TI Group has signed a £300m multiple option facility with a group of leading international banks. The facility is committed for five years and is available in sterling and other currencies.

Christopher Lewinton, chief executive and deputy chairman, said that the facility would give the group ready access to finance for investment opportunities consistent with stated strategy.

UTC purchase

UTC, has agreed to acquire the business and assets of **Hirshfields**, a holding company for a firm of chartered surveyors. UTC will pay £3.8m initially in shares and cash with further payments dependent on future profits.

The board of UTC is also requesting permission from shareholders to have the authority to buy-in up to 10 per cent of the equity.

Bryson Oil in option agreement

By Steven Butler

Bryson Oil and Gas, an Irish registered oil and gas company, has entered into an option agreement that could lead to a $125m (£71m) acquisition of oil and gas assets in the US.

The agreement is with Castex International, owned by Bryson chairman, Mr Delo Caspary, which has a binding agreement to purchase for $125m the oil and gas assets of Moore McCormack Resources should Moore McCormack succeed in its bid for Southdown. Moore McCormack and Southdown are both cement companies with oil and gas assets.

Bryson's acquisition, should it go through, would be financed initially by debt instruments, although the company anticipates a possible effort to raise equity funds. Bryson is currently capitalised at about £14m.

AMI at 32p premium

BY PHILIP COGGAN

SHARES in **AMI Healthcare**, the private medical group, went to a 15 per cent premium on Friday in an encouraging start to the company's main market dealings.

The shares closed at 247p, close to their highest price of the day, and a 32p premium over the 215p offer price. AMI's £50m offer-for-sale had been 2.3 times subscribed.

AMI's premium will be encouraging for those companies currently contemplating a listing. It indicates that the poor performance of London Forfaiting's shares, which continue to trade below the offer price, does not bode ill for the whole new issue market.

Marina sale

In a series of separate transactions, **Marina Development Group** has sold the boat repair businesses at its Penton Hook and Port Hamble marinas, and the boat sales operations at its Torquay, Poole and Penton Hook marinas, for a total of £2m.

FT Share Service

The following securities were added to the Share Information Service in Saturday's edition:

Barrack Mines (Section: Mines-Australia).

Dairy Farm International (Foods).

Dragon Resources (Mines-Australia)

Granada Group 7½% Conv. Pref. (Industrials).

Takare (Third Market).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Microfilm Reprographics, Polypipe, Sinclair Goldsmith, Victor Products.

Finals- Fisons, Pickwick, Williams Holdings.

FUTURE DATES

Interims-	
Continental Microwave	Mar 6
Industrial Finance & Inv	Mar 14
Macro 4	Mar 3
Marcol	Mar 6
Miller & Stanhouse	Mar 6
Finals-	
Albany Investment Trust	Apr 25
Blagden	Mar 6
Kerry Group	Mar 14
Macfarlane (Clansman)	Mar 29
Pentos	Mar 8

FINANCIAL TIMES STOCK INDICES

	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 19	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs.	90.03	90.01	89.76	89.62	89.46	89.50	93.32	83.73	127.4	49.18
Fixed Interest	95.79	96.44	96.38	96.03	95.58	95.33	99.12	90.23	105.4	50.53
Ordinary	1423.7	1433.9	1417.0	1410.3	1396.3	1382.6	1926.2	1232.0	1926.2	49.4
Gold Mines	244.9	248.9	254.8	262.0	263.5	267.3	497.5	241.7	734.7	43.5
FT-Act All Share	907.47	914.40	904.47	903.74	897.74	889.24	1238.57	784.81	1238.57	61.92
FT-SE 100	1766.5	1782.4	1760.1	1757.9	1747.2	1729.8	2443.4	1565.2	2443.4	986.9

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
215	F.P.	-	248	218	AMI Healthcare 20p	247		n5.0	2.9	1.5	16.8
§72	F.P.	12/2	87	70	Atlantic Securities 5p	87	+2	-	-	-	-
330	120	-	92	61	British Petroleum	61	-3	R032.5	1.5	6.3	13.5
20	F.P.	-	150	131	‡Carron Phoenix 10p	150		R3.5	2.7	3.2	15.6
§130	F.P.	-	148	140	‡Copymore 5p	141	-2	b2.0	3.0	1.9	17.2
§100	F.P.	-	113	100	‡Hadfield Estates 10p	111		R1.5	10.2	1.9	7.3
52	F.P.	-	68	62	In Shops 5p	66		R1.3	2.6	2.7	16.4
160	F.P.	-	163	154	‡London Forfaiting	155		n6.5	2.3	5.7	9.1
†	F.P.	-	68	27	*Navan Res. IR£0.25	60½	+2	-	-	-	-
§114	F.P.	-	121	115	‡Sykes-Pickavant 10p	116		R5.25	2.0	6.2	10.9
§130	F.P.	-	138	123	TGI Group 1p	133		R4.75	3.0	4.9	9.5
125	F.P.	-	145	123	T.I.P. Europe	142	-1	R4.2	2.3	4.7	10.4
§80	F.P.	-	90	81	‡Titon 5p	83		u2.35	2.7	3.9	13.1
††	F.P.	16/3	23	18	Verson Intl. 10p	18½		b0.35	2.7	2.4	16.6
§80	F.P.	-	81	80	Waverley Min. Fin. 5p	78	-2	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
100	Nil	1/3	4½pm	3pm	Cooper (F.) 6.5p Cnv.Red.Cnv.Ptg.Prf.	3pm	
100	F.P.	-	112p	108p	Ennes 6.25p Net Cnv.Cum.Red.Prf.	110	
♦	F.P.	-	133p	113p	Granada 7.5p Cnv.Prf.	133p	
100	F.P.	15/6	117	107	Grt. Prtland. Est. 9½pc Cv.Uns.Ln 2002	117	
100	F.P.	-	117	108	Morgan Crucible 7.5pc Net.Cv.Cnv.Rd.Pf.	116	-1
100	F.P.	-	105p	102p	Nat. Home Loans 7.5pc Cnv. Pf	105p	
-	F.P.	-	99⅝	99⅝	N'wide Anglia 9⅝pc 20.2.89	99⅝	
100	F.P.	-	113	100	Stanley (A.G.) 5.75p Cum.Cnv.Red.Prf.	114	+2
100	F.P.		115	110	Widney 6.75pc. Cv.Cm.Rd.Pf. 2000 £1	115	
-	F.P.	-	134	127	Woolworth 8½pc. Cnv.Uns.Ln. 2000	133	+1

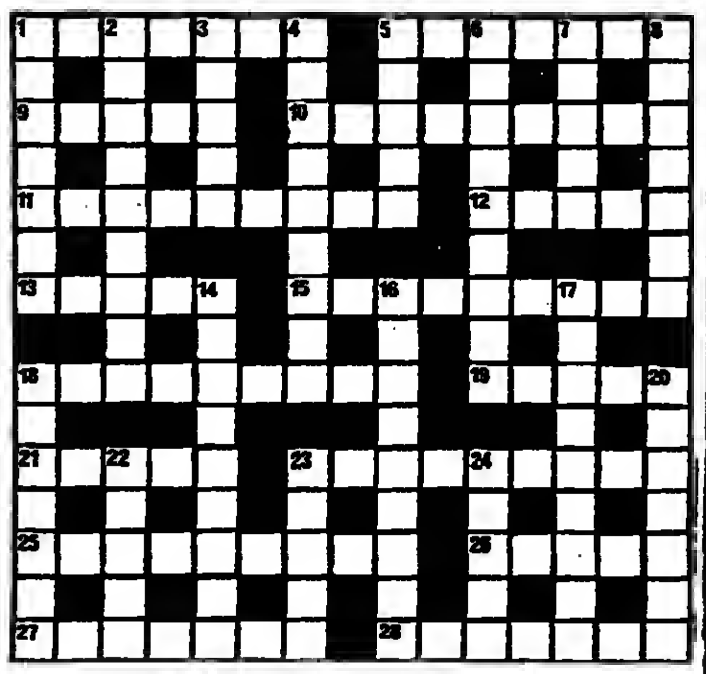
RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
95	Nil	18/3	13pm	7pm	Aerospace Eng.	7pm	
1	Nil	-	15pm	14½pm	Brewmaker 1p	14½pm	-½
100	Nil	-	3pm	2pm	Candover Venture Cap.	2pm	
74	Nil	30/3	24½pm	11pm	Howden Group	24p	-½
25	Nil	-	3½pm	1½pm	London Inv. Tst 5p	2pm	
250	Nil	-	70pm	60pm	Press Tools 10p	68pm	+3

Renunciation date usually last day for dealing free of stamp duty.a Annualised dividend.b Figures based on prospectus estimates.d Dividend rate paid or payable on part of capital, cover based on dividend on full capital.g Assumed dividend and yield. n Forecast, or estimated annualised dividend rate, cover based on previous year's earnings.L Estimated annualised dividend,cover and p/e based on latest annual earnings.M Dividend and yield based on Prospectus or other official estimates for 1988.N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross.R Forecast annualised dividend,cover and p/e ratio based on prospectus or other offical estimates. W Pro Forma figures.▼ Issued by tender.♦ Offered to holders of ordinary shares as a rights.† Introduction.§Placing price.†† Reintroduction.♦ Issued in connection with reorganisation merger or takeover.‡ Allotment price.‡ Unlisted securities market.♦ Official London listing.□ Including warrants entitlement.* Third Market.

FT CROSSWORD No.6,568

SET BY HIGHLANDER



ACROSS

1 Use drug at university to increase the tempo (5,2)
5 Wash follows sailor on Saturday – and Sunday perhaps? (7)
9 Unusually spare (5)
10 Spell weed variely thus: Veronica (9)
11 One who spreads litter (9)
12 Not suitable in a training exercise (5)
13 Famous comment by old copper (5)
15 Admirer conceals plot from journalist (9)
18 New paper, said to leave no trace (9)
19 Larva has necessary wings and speed (5)
21 English umpires' decision when there's nothing in it is joint (5)
23 Wears out the War Office, taking road to damnation perhaps? (9)
25 Secretarial skill is little help (9)
26 Jones (from building) is blue but not dead (5)
27 Many in Rome longed to be abandoned (7)
28 Appreciation for detail (7)

DOWN

1 Behaves harshly towards issue coming from another union (7)
2 To embark upon it is recipe for stomach trouble (9)
3 Plan to get medical man back in the navy (5)
4 Promptly, so the taps can be adjusted (9)
5 Cut sound – that's fine (5)
6 Flat on one's back and bottom, having been on horse (9)
7 A long time to set up theatre (5)
8 Others differ about liberal case for keeping weaponry (7)
14 Device for dropping beams falls on sorceress (9)
16 Tapster reveals skill during drinking bout (9)
17 Delay rate increase (9)
18 Provided clothing came into line (7)
20 A place of concealment under the skin. Stumped? (4-3)
22 Express disapproval over way increase comes out (5)
23 Pulls up grass (5)
24 Controls section of legislature in Switzerland (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday March 12.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6093-4-5

Scimitar Global Gth Ac	28.2	30.2	-0.1	-
Do Income	28.2	30.0	+0.1	0.19
Scimitar European Acc	21.0	22.4	+0.2	-
Do Income	21.0	22.4xd	-0.2	0.11
Scimitar UK Eq Inc Acc	35.5	37.4	+0.1	-
Do. Income	33.2	35.0xd	+0.1	5.08
UK Cap Gth Acc	23.7	25.0	+0.2	0.75
Scimitar Pac Basin Acc	29.5	31.4	+0.1	-
Scimitar Mangd Exempt*	129.1	144.9xd	+1.0	-

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1051

Intnl Income Units	129.4	137.7	-	3.57
Intnl Accum Units	198.0	210.6	-	3.57
UK General Acc	37.2	39.8	+0.2	3.38
UK General Inc	35.8	38.3	-0.2	3.38
American	27.2	29.1	-0.2	2.13
European	35.4	37.9	+0.3	1.26
Japan	58.1	62.1	+0.1	0.05
Technology	34.9	37.3	-	2.29
Performance Trusts				
Far East Perf Tst	17.3	18.8	-	2.00
High Inc Perf Tst Inc	23.3	24.9	+0.1	5.36
High Inc Perf Tst Acc	23.7	25.4	+0.1	5.36
Worldwide Tact Perf Tst	27.8	29.7	+0.2	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	205.6	219.9	-0.2	2.70
Columbus (US)	131.4	140.1	-1.4	1.35
Marco Polo (Pac)	213.2	228.1	+0.2	0.28
Da Vinci (Eur)	223.3	238.7	+1.3	1.67
Drake (Wwi)	52.1	55.8	+0.2	2.49

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

TUUT Feb 1	213.5	224.81	-	3.28

Triton Fd Mngrs. Ltd.
Royal Lon. Hse. Colchester CO1 1RA 0206 764400

Triton General	144.5	158.41	-	1.60

Tyndall Unit Trust Managers Limited
25 Bucklesbury, London EC4N 248 3399

Convertible & General	58.2	61.5xd	-0.1	6.47
Accum Units	59.0	62.6	-0.1	-
Income	79.0	83.8	-0.1	8.13
Accum Units	79.0	83.8	-0.2	-
Smaller Co's	81.2	87.8xd	-	1.65
Accum Units	82.1	88.8	-	-
UK Growth	85.7	90.8	+0.1	2.88
Accum Units	85.7	90.8	+0.1	-
Pacific Gold Tst Acc	47.3	50.5	-	-

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40035

British Growth Fd	37.6	41.3	+0.3	1.74
Technical Analysis Fd	49.3	52.7	+0.1	3.45

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	171.6	182.6	-	1.44
Friars Hse Inc Fd	148.6	156.4	-	3.86

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC 01-534 5544

United Charities	167.7	178.4	-0.4	4.75

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Glendiarian	181.4	195.0	+2.4	1.61
(Accum Units)	184.9	196.7	+2.4	-
Far East & Gen	55.4	58.9	+0.6	-
(Accum Units)	55.4	58.9	+0.6	-
Master Portfolio	65.949	67.640xd	+0.221	3.04
(Accum Units)	67.776	69.514	+0.228	-
American & Gen	56.6	60.2	+0.3	2.00
(Accum Units)	57.3	61.0	+0.3	-
Growth	208.6	221.9xd	+0.3	1.93
(Accum Units)	314.6	334.7	+0.3	-
High Yield	262.4	279.2xd	+1.6	4.57
(Accum Units)	280.5	299.5	+1.8	-
Special Sits	51.4	54.7xd	+0.5	1.97
(Accum Units)	53.3	56.5	+0	-
Trustee	156.0	166.0	+1	4.17
(Accum Units)	251.1	267.1	+1	-
European Fund Inc	36.8	39.3	-0.1	0.80
(Accum Units)	36.2	38.5	[illegible]	-

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds

Wealth Accm.	365.4	384.7	—	—
Ebr'r Ph. Eq.	334.1	356.5	—	—

Pension Plan Funds

Phoenix

UK Equity Acc.	161.1	169.5	-0.4	—
International Acc.	127.3	133.9	-0.6	—
Property Acc.	125.4	131.9	+2.1	—
Fixed Interest Acc.	154.1	162.2	+1.0	—
Money Acc.	136.7	143.0	+0.1	—
Bldg. Soc. Link Acc.	133.6	140.6	+0.1	—
Special Mngd. Acc.0	144.5	152.1	—	—

Phoenix/Framlington

Intnl. Growth Acc.	89.0	93.5	+0.7	—
Amer. & Gen. Acc.	82.1	86.4	+0.4	—
Capital Tst. Acc.	169.1	177.9	—	—
Japan & Gen Acc	180.3	189.7	-0.3	—
American Turn. Acc	82.9	87.2	+1.1	—
Recovery Tst. Acc	165.0	173.6	—	—
Special Mngd Acc	141.6	149.0	+0.5	—

Phoenix/GT

International Acc	123.6	130.1	+0.3	—
US & General Acc	91.9	96.7	+0.7	—
Amer Smr Sits Acc	65.2	68.6	+1.0	—
Japan & General Acc	174.4	183.5	+0.8	—
Far East & Gen. Acc	137.6	144.8	+0.3	—
UK Capital Acc	170.6	179.5	+0.8	—
European Acc	134.9	141.9	+0.2	—
Special Mngd. Acc.	125.2	131.7	+0.5	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	260.3	274.0	—	—
Ula Pens Inc & Cap Fdt.	330.5	347.9	—	—
Money Fund	111.3	117.2	—	—
Pens. Mngd Fd (Init)	81.8	86.2	—	—
Pens Mngd Fd (Acc)	91.9	96.6	—	—
Pens FT30 Fd (Init)	125.6	132.3	—	—
Pens FT30 Fd (Acc)	141.1	148.6	—	—
Pers O'sea. MgFd(Init)	55.3	58.3	—	—
Pens O'seas MgFd(Acc)	62.1	65.4	—	—
Pens Fxd Int Fd (Init)	103.5	109.0	—	—
Pens Fxd Int Fd (Acc)	116.2	122.4	—	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

The French Prestige Fund
20 Boulevard Emmanuel Servais, Lux. 010 352 21902

Frobisher Fund Limited
PO Box HM1735, Hamilton, Bermuda 809 295 7447

GT Investment Mngmt Co SA
2 Boulevard Royal, Luxembourg
Tel. London Agents: 01-283 2575

GT Management Plc
8th Floor, 8 Devonshire Sq, London EC2M 4YJ

Henderson Management SA
20 Blvd Emmanuel Servais, Luxembourg. 010 352 21902

Henderson Global Strategy Mngmt SA
20 Blvd Emmanuel Servais, Luxembourg 010 352 21902

Lloyds Intl. Money Market Fund Ltd
PO Box 136, St Peter Port, Guernsey 0481 24983

London Interstate Fund Managers Ltd
PO Box 86, St Peter's Port, Guernsey 0481 26521

MFM Ltd.
24 Bd Posse Charlotte, MC 98000 Monaco

M & G (Cayman) Ltd
PO Box 706, Cardinal Avenue, Grand Cayman, BWI

Orbitex Bahamas Ltd
Frederick St, Box N9932, Nassau, Bahamas

PFC Intercontl Portfolio Fd Mngt Ltd
PO Box 30927, Hong Kong

PRS International
801 Brickell Avenue, Ste 1302, Miami, FL,USA

Pacific Basin Fund
10a Boulevard Royal, Luxembourg

Pacific Growth Fund
2, Boulevard Royal, Luxembourg

Parinter Bond Fund SA
10a Boulevard Royal, Luxembourg

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index–Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Yield
1May 1Nov	Greek 7pc Ass.	45	2.11	3.50	f7.78
1Feb 1Aug	Do. 6pc 28 Stb. Ass.	45	1.2	3	f6.67
1Apr 1Oct	Do 4pc Mixed Ass.	45	1.10	2	f4.44
1May	Hung. '24 Ass.	75	1.5	2.75	f3.67
31May 30Nov	Hydro Quebec 15pc 2011	138½	29.10	15.00	10.54
31Jan 31Jly	Iceland 14½pc Ln 2016	126½	4.1	14.50	11.32
1Mar 1Sept	Ireland 9¾pc '91–96	100½	1.2	9.75	9.70

AMERICANS

Continued on next page

LONDON SHARE SERVICE

AMERICANS – Contd

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Fb My Ag No	Southwestern Bell $1	20⅞	7.7	[illegible]	–	6.1
–	♥Staley Continental‖	19⅛	–	[illegible]	–	3.3
Mr Jn Se De	Sun Co. Inc. $1	30⅞xd	5.11	[illegible]	–	5.3
Ma Jn Se De	TRW Inc. $0.625	27⅜xd	11.8	[illegible]	–	3.2
Mr Jn Sp Oc	Tenneco $5	23⅝xd	11.8	[illegible]	–	7.0
June Dec	Do. 10pcLn.Stk. 91-5	155	13.12	[illegible]	–	14.7
Mr Je Se De	Texaco $6.25	24¼	31.7	[illegible]	–	6.8
Mr Jn Se De	Time Inc. $1	50⅞xd	24.01	[illegible]	–	1.1
Ja Ap Jn Oc	Transamerica $1	18⅝	29.12	[illegible]	–	5.4
Fe My Au No	Transworld Corp $5	932p	11.11	[illegible]	–	1.2
Mc Je Se De	TRINOVA Corp	18⅝xd	9.11	[illegible]	–	1.7
Mr Je Se De	♥USX $1	18½	30.10	[illegible]	–	3.6
Mr Jn Sp Dc	Utd. Technologies	22¾	19.5	[illegible]	–	3.4
Fb My Ag No	US West‖	31⅛	13.4	[illegible]	–	5.8
Ap Jly De Jan	Waste Management $1	20⅝	15.12	[illegible]	–	1.0
Mr Je Se De	Whirlpool $1.0	15⅞xd	25.01	[illegible]	–	–
Mr Je Se De	♥Woolworth $3½	25⅝	19.11	[illegible]	–	2.8

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

INSURANCES — Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Medirace 10p	123	–	–	–	–	–
Norton Group 5p	28	–	–	–	–	–
Ovoca Gold IR 2p	41	–	–	–	–	–
Propeller 1p	36	–	W–	–	–	11.3
Publishing Hldgs.5p	28	–	–	–	–	12.0
Seacon Hldgs	70	–	–	–	–	10.6
Stats Hldgs. 5p	25	–	–	–	–	63.9
Swanyard Studios 1p	31½	–	–	–	–	18.5
Talcare	229	–	b2.0	8.1	0.6	22.5
Theme Holdings	43	27.4	1.0	1.9	3.2	23.1
Tomorrows Leisure 20p	30	–	–	–	–	12.0
UPL Group 10p	125	–	L2.41	2.8	2.6	18.7
Unit Group	140	9.11	R4.6	2.5	4.5	(20.0)
Video Tape Recording 5p	86	–	L2.3	2.3	3.7	12.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ● Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	68	
Craig & Rose £1	463	
Finlay Pkg. 5p	77	
Holt (Jos) 25p	£11½	+¼

IRISH

Fund 11¾% 1988	£100⅜	
Nat. 9¾% 84/89	£100⅝	
Fin. 13% 97/02	£114⅝	
Arnotts	300	–1
CPI Hldgs	32	
Carrol Inds	147	–3
Hall (R. & H.)	108	
Heiton Hldgs	44	
Irish Ropes	120	–3
Unidare	305	

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report Page

DIARY DATES

PARLIAMENTARY

TODAY

Commons: Opposition debates on: Suppression of majority rights in South Africa and responsibility of British Government; Need to save British science. Lords amendments to Norfolk and Suffolk Broads Bill. Motions on Scottish education.

Lords: Legal Aid Bill, third reading. Local Government Bill, third reading. Motion on the drug trafficking offences order.

Select Committee: Public accounts - Operating theatres. (Room 16, 4.45 pm).

TOMORROW

Commons: Motions on: Social Security orders and regulations. The appropriation Northern Ireland order. The annual report from the European Court of auditors for 1986.

Lords: Copyright, Designs and Patents Bill, report.

Select committees: Parliamentary Commissioner for Administration - working methods of office of Parliamentary Commissioner, and Health Service Commissioner. (Room 18, 4.30 pm).

Committee on a private bill - London Docklands railway (Beckton). (Room 5, 11 am.)

WEDNESDAY

Commons: Debate on Welsh affairs.

Lords: Debate on concentration of power in the executive arm of government. Northern Ireland (Emergency Provisions) Act 1987 (continuance).

Select committees: Foreign affairs - policy towards Iran-Iraq conflict. (Room 15, 10.30 am).

Defence - The Royal Navy's surface fleet. (Room 15, 10.50 am)

Energy - The structure, regulation and economic consequences of electricity supply in the private sector. (Room 8, 11 am).

Education, science and arts - DES expenditure. (Room 20, 4.15 pm).

Home affairs - Estimates and expenditure. (Room 15, 4.15 pm).

Public accounts - Privatisation of Rolls-Royce and British Airports Authority. (Room 16, 4.15 pm).

Environment - Air pollution. (Room 21, 4.30 pm)

Treasury and Civil Service - Future financing of the Community. (Room 8, 4.30 pm).

Joint Committee: private bill procedure. (Room 3 5 pm).

THURSDAY

Commons: Debate on the Royal Navy.

Lords: Social Security Bill, report. Welsh Development.

FRIDAY

Commons: Private members' motions.

Lords: Immigration Bill, second reading.

FINANCIAL

TODAY

COMPANY MEETINGS—
Hebb Precision Eng., Roxby Place, S.W., 10.30
BOARD MEETINGS—
Finals:
Fisons
Leading Leisure
Pickwick Group
Williams Hldgs.
Interims:
Microfilm Reprographics
Polypipe
Sinclair Goldsmith
Victor Products
DIVIDEND & INTEREST PAYMENTS—
Assoc. British Foods 2.6p
Bankers Inv. Tst. 0.52p
Body Shop Intl. 1.8p
Bulmer (H.P.) Hldgs. 2.555p
Burtonwood Brewery 0.825p
CAP Group 0.72p
Cater Allen US Dollar Inc. Fund Ptg. Red. Prf. 17cts.
Central London (New) Gtd. Assd. 2pc.
Chase Manhattan Flg. Rate Sub. Nts. 1997 $197.48
Chemical New York Flg. Rate Senior Nts. 1989 $80.28
Circaprint Hldgs. 1.92p
Clarke Hooper 1.2p
Commerzbank Overseas Finance Flg. Rate Nts. 1989 $195.83
Creditanstalt Bankverein Sub. Flg. Rate Nts. 1996 $188.91
Dee Corpn. 3p
Derby Trust 6.0966p
Dominion Intl. Group 2.5p
Eldorado Nuclear Flg. Rate Nts. Feb. 1989 $186.25
Empresas La Moderna SA de CV Flg. Rate Nts. 1988 $411.11
Evode Group 8% Cnv. Un. Ln. 2003/08 4pc.
Excalibur Jewellery 11.5% Cum. Prf. 5.75p
First Chicago Overseas Finance Gtd. Flg. Rate Sub. Nts. 1994 $200.73
Freshbake Foods 0.8p
Gold Greenlees Trott 1.5p
Gopeng Berhad 5sen.
GPG 1.55p
Halifax Bldg. Society Flg. Rate Ln. Nts. 1996 (Ser. A) £36.60
Hambro Currency Distributor Ptg. Red. Prf. (Stg.) 40.9p
Do. (US$) 49.4cts.
Do. (Swiss Franc) SFR30.1
Do. (Deutschemark) DM51.4
Do. (Yen) Y30
Hanover Druce 6.75% Cnv. Cum. Red. Prf. 3.375p
Harrison Inds. 2.1p
Hasbro 2.25cts.
Hill Samuel Finance Flg. Rate Nts. 1996 $384.27
Invicta Gilt Edged & Fin. Future Fund Ptg. Red. Prf. 240
Do. Gilt Growth Ptg. Red. Prf. 5p
Do. Gilt Income Ptg. Red. Prf. 30p
Italy (Republic of) Flg. Rate Nts. 2005 $60.28
Korea Exchange Bank Flg. Rate Nts. 1994 £115
Kynoch (G. & G.) 6% Red. Cum. Prf. 3p
Laurel Intl. Invs. Gtd. Flg. Rate Nts. A 1987 $38.75
Lloyds Bank Prim. Cap. Und. Flg. Rate Nts. (Series 2) $200.73
Do. (Series 3) $377.71
Manufacturers Hanover Overseas Cap. Corpn. Gtd. Flg. Rate Sub. Nts. Aug. 1996 $395.17
Moreau Hldgs. 1p
National Australia Bank Flg. Rate/High Initial Spread Nts. 1993 $555.42
NatWest Bank 7% Cum. Prf. 2.45p
Neste Oy Flg. rate Nts. 1994 $351.04
New Brunswick (Province of) Flg. Rate Nts. May 1994 C$23.34
Panama (Republic of) Flg. Rate Ser. Nts. 1990 $148.39
Parkfield Group 2p
Pavion Intl. 11% Cnv. Un. Ln. 1994/2002 5½pc.
RPH 7¾% Un. Ln. 1987/92 3⅞pc.
Do. 8% Deb. 1992/96 4pc.
Do. 9% Un. Ln. 1999/2004 4½pc.
Do. 4½% Un. Ln. 2004/09 2¼pc.
Raeburn Inv. Tst. 2.5p
Richards 1.9p
Royal Bank of Canada Flg. rate Debs. 2005 $60.28
Second Market Inv. 2½% Cnv. Un. Ln. 1994 1.25pc.
Security Services 4½% Cum. Prf. 1.575p
Shelton (Martin) 0.5p
Symonds Engineering 0.9p
Trans-Natal Coal 12.7% Un. Sub. Comp. Cnv. Debs. (Intl.) 8.35pc.
Turnbull Scott Hldgs. 5p
Do. N/Vtg. A 5p
Wells Fargo Flg. Rate Sub. Nts. 1992 $60.8
Do. Flg. Rate Sub. Nts. 2000 $62.78
Widney 0.8p

TOMORROW

COMPANY MEETINGS—
Argyle Trust, Savoy Hotel, Strand, W.C., 11.00
Carlton Communications, Armourers Hall, 81, Coleman Street, E.C., 10.00
Kelsey Inds., Kelsey House, Wood Lane End, Hemel Hempstead, 11.00
Telecomputing, 244, Barn's Road, Oxford, 11.30
Thornton (G.W.), Bridge House, Bridge Street, Sheffield, 12.00
Tranwood Group, Savoy Hotel, Strand, W.C., 12.00
BOARD MEETINGS—
Finals:
Cooper (Alan) Hldgs.
Fleming Mercantile Inv. Tst.
Johnstone's Paints
Radius
Record Hldgs.
STC
Second Market Inv.
Task Force
Templeton, Galbraith
Unilever NV
Interims:
Mineral Oils & Resources
Space Planning
Unidare
Unilever
DIVIDEND & INTEREST PAYMENTS—
Aberdeen (City of) 10.8% Red. 2011 5.4pc.
Ahmanson (H.F.) 22cts.
American Brands 55cts.
American General Corpn. 35cts.
Asarco 10cts.
Blue Circle Inds. 6% Deb. 1988/93 3pc.
Do. 7% Deb. 1988/93 3½pc.
British Rayophone 5.25% Cum. Prf. 2.625p
Brunsdale Invs. 7% Cum. Prf. 2.45p
Buffalo & Lake Huron Railway 5½% 1st. Mtg. Perp. Debs. 2¾pc.
Do. 5½% 2nd. Mtg. Perp. Bds. 2¾pc.
City Site Estates 0.56p
Clarke, Nicholls & Coombs 8½% Un. Ln. 1987/92 4¼pc.
Corpn. of London 3½% Deb. 1983/93 1¾pc.
Daniell & Sons Breweries 4% Perp. C Deb. 2pc.
East Surrey Water 2.8% Pre-Prf. 1.4p
Do. 4% Cons. Deb. Irrd. 2pc.
Do. 7% Red. Deb. 1988/91 3½pc.
Do. 7% Red. Deb. 1990/92 3½pc.
Do. 7¾% Red. Deb. 1991/93 3⅞pc.
Do. 10% Red. Deb. 1997/99 5pc.
Electric & General Inv. 9% Deb. 1989/94 4½pc.
Fleming Mercantile Inv. Tst. 3½% Red. Deb. 1980/85 1¾pc.
Flogas 2.1p
Ford Motor 50cts.
Great American First Savings Bank 15cts.
Howden Group 1.28p
Ingersoll-Rand 26cts.
Intl. Income Property 28cts.
Ireland (Republic of) 9⅝% 1991/96 4⅞pc.
London County 3% Cons. 1920 1½pc.
Do. 2½% Cons. 1920 1¼pc.
Low & Bonar 6% 1st Cum. Prf. 2.1p
Do. 6% 2nd. Cum. Prf. 2.1p
Do. 5½% 3rd. Cum. Prf. 1.925p
M. & G. General Trust 10.739p
Metropolitan Water 3% B 1934/2003 1½pc.
Normans Group 1.05p
Oldham Met. Borough Council 11.25% Red. 2010 5⅝pc.
P & O 3½% Deb. (Perp.) 1.75pc.
Do. 3½% 2nd. Deb. (Perp.) 1.75pc.
Plessey 2.383p
Port of London Authority 6½% Reg. 1987/90 3¼pc.
Redland 5% Cum. Prf. 2.5p
River Plate & General Inv. Tst. 5% Cum. Pfd. 1.75p
Sainsbury (J.) 8% Irrd. Un. Ln. 4pc.
Salford Corpn. 5½% Red. 1986/88 2¾pc.
Schneiders (S.) 6% Cum. Red. Prf. 2.1p
Scottish Agricultural Security Corpn. 5½% Deb. 1986/88 2¾pc.
Scottish Mortgage & Trust 5% Cum. Prf. 1.75p
Spillers 7¼% Deb. 1984/89 3⅝pc.
Stonehill Hldgs. 10½% Cum. Prf. 5.25p
Tarmac 6¼% Deb. 1989/94 3⅛pc.
Do. 6¼% Deb. 1989/94 3⅛pc.
Do. 7½% Deb. 1992/97 3¾pc.
Tendring Hundred Water 2.8% Prf. 14p
Do. 4.2% Prf. 21p
Texas Eastern Corpn. 25cts.
Thornton (G.W.) Hldgs. 2.25p
Transcanada Pipelines 16½% 1st. Mtg. Pipe Line Bds. 2007 8¼pc.
Treasury 14½% Ln. 1994 7¼pc.
Treasury 8¾% Ln. 1997 4⅜pc.
Union Carbide 37.5cts.
United Mexican States 16½% Ln. 2008 8¼pc.
Wiggins Group 2p
Witan Inv. Tst. 8% Deb. 1996/99 4pc.

WEDNESDAY MARCH 2

COMPANY MEETINGS—
Assoc. Energy Services, Cafe Royal, 68, Regent Street, W., 11.30
Grayton Japan Trust, 11, Devonshire Square, E.C., 3.10
Hoskyns Group, Savoy Hotel, Strand, W.C., 11.30
BOARD MEETINGS—
Finals:
Commercial Union Assurance
Cowie (T.)
Crowther (John)
General Accident Assurance
Intl. Thomson
INSTEM
Mount Charlotte Invs.
Pacer Systems
Interims:
Cons. Gold Fields
Galliford
Global Group
Joe Hldgs.
Kleinwort Development Fund
Lawtex
Medminster
Stanwick
DIVIDEND & INTEREST PAYMENTS—
Carlton Communications 3.8p
Coronation Syndicate 27cts.
Gold Fields Property 20cts.
Kelsey Inds. 6.875p
M & G Dual Trust 20.25p
Vogelstruisbult Metal Hldgs. 5.88816254p

THURSDAY MARCH 3

BOARD MEETINGS—
Finals:
BBA Group
Cadbury Schweppes
Lex Service
Questel
Ratcliffs (Great Bridge)
Tozer, Kemsley & Millbourn
WPP Group
Wickes
Interims:
Cons. Plantations
Macro 4
DIVIDEND & INTEREST PAYMENTS—
Conversion 9% 2000 4½pc.
Tip Top Drugstores 0.8p

FRIDAY MARCH 4

COMPANY MEETINGS—
Mecca Leisure Group, Lords Banqueting & Conference Centre, St. Johns Wood Road, N.W., 12.00
Pericom, Pericom House, Rockingham Drive, Linford Wood, Milton Keynes, 12.00
BOARD MEETINGS—
Finals:
Greenwich Communications
Sale Tilney
Interims:
Kleinwort Benson Intl. Income Bond Fund
Polytechnic Electronics
DIVIDEND & INTEREST PAYMENTS—
Alcan Aluminium 18cts.
BFG Finance Flg. Rate Nts. 1998 $202.22
Barclays Overseas Inv. Gtd. Flg. Rate Nts. 2004 $194.22
Colorvision 1.69p
Hoskyns Group 1.5p
Kingsgrange 0.75p
Spice 2.4p
THORN EMI 8p
Vibroplant 4.25p
Westpool Inv. Tst. 0.35p
Whitney-Mackay Lewis 1.8p

SATURDAY MARCH 5

BOARD MEETINGS—
Interims:
Sime Darby
DIVIDEND & INTEREST PAYMENTS—
Blue Circle Inds. 9% Deb. 1992/97 4½pc.
RJR Nabisco 48cts.
Rustenburg Platinum 100cts.

SUNDAY MARCH 6

DIVIDEND & INTEREST PAYMENTS—
Bank of Greece 10¼% Ln. 2010 5⅛pc.
IMI 7¼% Un. Ln. 1986/91 3⅝pc.
Joseph (Leopold) 9¼% Un. Ln. 1997/2002 4⅝pc.
Redland 7½% Red. Deb. 1990/95 3¾pc.
Waddington (John) 10¼% Deb. 1990/95 5⅛pc.
Watney, Mann & Truman 7¼% Un. Ln. 1994/99 3⅝pc.
Do. 8% Un. Ln. 1990/95 4pc.
Worbread 9¾% Red. Deb. 1991/96 4⅞pc.
Yorkshire Chemicals 10% Deb. 1991/96 5pc.

Trade Fairs and Exhibitions: UK

February 29 - March 4
International Electrical and Electronic Exhibition - ELEC-TREX (0483-222888)
NEC, Birmingham

March 1-6
British National Stamp Exhibition (01-930 6455)
Horticultural Halls, London

March 3-5
Entrepreneur's Exhibition (01-493 0000)
Business Design Centre, London

March 5-9
The Stationery Industry Exhibition - STATINDEX '88 (01-385 1200)
Olympia

March 6-8
Fast Food Fair (01-948 9800)
G-Mex Centre, Manchester

March 6-9
British Ski Trade Exhibition - SKI-EX (0922 24661)
Exhibition Centre, Harrogate

March 8-10
Retail and Financial Services Exhibition and Conference - EFTPOS (0734 794161)
Novotel, London

March 8-April 4
Daily Mail Ideal Home Exhibition (01-222 9341)
Earls Court

March 13-15
British Footwear Fair (01-739 2071)
NEC, Birmingham

March 15-17
London Food Exhibition (01-486 1951)
Wembley Conference Centre

March 21-24
Materials Testing Exhibition (07072 75641)
NEC, Birmingham

March 22-24
Electronic Printing and Publishing Exhibition (01-647 1001)
Olympia

Overseas Exhibitions

February 29 - March 5
Mechanical Components Exhibition - MECANELEM (01-225 5566)
Paris

March 1-3
SEMICON/Europa International Electronics Show (01-353 8807)
Zurich

March 8-12
International Business Show (01-486 1951)
Tokyo

March 12-14
International Fashion Shoe Exhibition - MIDEC (01-225 5566)
Paris

March 13-19
International Spring Fair (01-491 8552)
Leipzig

March 20-24
Agriculture, Irrigation & Agri-Industry Exhibition - SAUDI AGRICULTURE (01-486 1951)
Riyadh

Business and Management Conferences

February 29
Longman Seminars: Auditing and accounting of pension schemes (01-242 4111)
Hotel Intercontinental, London W1

February 29
The Economist/NEDO: Post crash strategies for British business (01-839 7000)
London Marriott Hotel

February 29—March 2
Metal Bulletin Conferences: Third Secondary Aluminium Conference (01-330 4311)
Tara Hotel, London, W8

March 1
Tolley Publishing Company: Timber Trading 88 conference (01-680 5682)
Royal Garden Hotel, London W8

March 2
The Urban and Economic Development Group: Training people to manage urban change (01-928 9515)
London

March 3
General meeting of the Institution of Mining and Metallurgy (01-580 3802)
Burlington House, London W1

March 3
CBI Conferences: Lifting the barriers to Europe (01-379 7400)
Centre Point, London WC1

March 10-11
VentureCorp: Leveraged buy-outs in Europe (01-734 1343)
Dorchester Hotel, London W1

March 12
Wye College: A return to the land? (0233 812401)
Ashford, Kent

March 15
Electronic Publishing Services: Evaluating investment and acquisition opportunities in the information industries (01-490 1185)
The City Conference Centre, London EC3

March 15
Institute of Directors: Retirement - an outdated concept (01-839 1233)
116 Pall Mall, London SW1

March 15-16
Frost & Sullivan's 14th semi-annual conference on political risk (01-730 3438)
Inn on the Park, London W1

March 16
Institute of Directors: Corporate identity, culture and communication - does your company identity work for you? (01-839 1233)
116 Pall Mall, London SW1

March 24-25
Financial Times Conferences: Technology in the international securities markets (01-925 2323)
Hotel Inter-Continental, W1

March 24-25
DRI Europe: International economic outlook conference 1988/90. The years of living dangerously - world imbalances, currencies and equities (01-222 9671)
Hyatt Regency Hotel, Brussels

March 28-29
International Bulk Journal: Bulkship '88 conference - what really lies ahead? (0306 887433)
London Marriott Hotel

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes in the details published.

Rentals

Contracts & Tenders

ANNOUNCEMENT FROM
EREGLI IRON AND STEEL WORKS, INC., TURKEY
(ERDEMIR)

Announcement is hereby made for the following project within the "CAPACITY IMPROVEMENT AND MODERNIZATION PROJECT" in the integrated steel plant of Eregli Demir ve Celik Fabrikalari T.A.S. located at Kdz. Eregli, Turkey. Characteristics and the resume of the project are summarized as follows:

Project Name: BOF CAPACITY IMPROVEMENT AND MODERNIZATION.
The work to be performed by the CONTRACTOR is briefly to improve the productivity, efficiency, quality of steel produced, provide automation required by the modern BOF technology, reduce pollution to comply with Turkish Air Pollution Standards, and at the same time produce an additional 400.000 tonnes of liquid steel over the present annual capacity of 2.000.000 tonnes. The CONTRACTOR shall design, detail, furnish all material and equipment except those specified in ERDEMIR's scope and supervise the erection to be made by ERDEMIR, for a complete operating unit generally consisting of, but not be limited to; Three new 115 ton B.O.F. vessels complete with drives and electrical controls and equipped for bottom bubbling and slag free tapping facilities; new oxygen lances and wastes gas cleaning systems for each vessel; a sublance at each vessel and a computer to make charge calculations, operate sublance and provide records of operations; two new 180 ton teeming cranes; a hot metal desulphurization station; a slag skimming station; hot metal reladling and slag skimmer fume collection and cleaning station; automatic tap hole maintenance machines; a spectrometer, laboratory equipment and a pneumatic tube system; extending vessel operating floors; modifications to vessel operating pulpits; vessel and shop auxiliaries to accomodate both larger heat sizes and the relocation of facilities. All of these improvements will be made in an operating shop in a manner to provide minimal disruption to ongoing operations.

2- Tender documents for the project mentioned above may be obtained from the following address as of 07. March 1988 and after depositing 750.000,- Turkish lires to ERDEMIR Cashier's Office at Kdz.Eregli-TURKEY indicating the project name:

ERDEMIR Vice President Purchasing
Foreign Purchases Department (SA.17)
Kdz-Eregli, TURKEY

3- Bid closing date is 11 July 1988 and no sealed bids shall be taken into consideration for evaluation if submitted to our above mentioned company address after the said date.

4- Our Company reserves the right to place the order either partially or completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

5- As the finance source, either SUPPLIER'S CREDIT or any credit in foreign currency to be provided by Erdemir shall be utilized.

6- During the bidder's qualification, following points shall be taken into consideration:
(a) Bidders must have adaquate experience for the establishment and/or modernization of similar facilities. If the bidder is a trading company, the bids must be submitted together with other fully qualified sub-supplier(s) whose qualifications meet the above mentioned requirements.
(b) The sub-supplier(s) so selected by the bidders must be well experienced companies in their respective fields.

Clubs

Art Galleries

Company Notices

FINANCIAL TIMES CONFERENCE

THE CHALLENGE TO RECOVERY & GROWTH FINDING SOLUTIONS TO AFRICA'S EXTERNAL DEBT

London, 18 & 19 April 1988

This Major international conference has been developed jointly by the Financial Times and th African Development Bank (ADB). The objective of the sponsors is to discuss solutions to the difficulties faced by the African Prresident of the ADB, Mr Christopher Patten, MP, Minister for Overseas Development, Mr Moeen A Qureshi, Senior Vice President of the World Bank and Mr Mohmoud Salah El-pin Hamed, Egytian Central Banker and head of the Governors of the ADB. Dr Irving Friedman, a consultant to the African Development Bank and Mr David Suratgar of Morgan Grenfell will be two of the finance sector speakers. Mr Bernerd Chidzero, Minister of Finance, Zimbabwe, The Honorable Luke Mwananshiku, MP, of Zambia and Alhaji Ahmed of Nigeria are amonga most impressive list of African ministers and officials who will be coming to London for the conference.

FINANCE FOR GROWTH

London, 5 May 1988

The Financial Times is joining forces with the City C3 Club and the National Computing Centre to arrange their fifth Finance for Growth seminar and exhibition. The event provides a unique opportunity for businesses looking for funding, or established management teams seeking fdinancial backing, to meet it adivsers and potential investors.

The aim of this one-day seminar is to review the sources for entrepreneurial investment and how to set about raising funding, to examing how much it will cost, how long it will take intime and effort. A parallel exhibition, sponsored byt some of the leading financial institutions and consulttants in the UK, will help delegated identify the right type of funding operation.

BUSINESS WITH SPAIN

Madrid, 9 & 10 May 1988

Business with Spain is the subject of a high-level conference to be held by the Financial Times in association with Cinco Dioas in Madrid on 9 & 10 May. Within the two-day programme eminent speakers will consider the economic outlook for Spain and Europe and then go on to assess a number of major issues of interest to the international business community.

Contributors include Sr Luis Carlos Croissier Batista, Ministe of Industry & Energy, Sr Marino Rubio Jimes, Governor of the Bank of Spain, Mr Peter Laslie, Deputy Chairman & Manging Director fo barclays Bank, Mr Fouad Khaled Jaffar, Deput Chariman & General Mnaafer of the Kuwait Investment Office, Sr Guillermo de las Dehesa, Secretary of State for Economics and Mr Peter Sutherland, Member of the Commisission of the European Cummonity.

All enquiries hoild be addressed to:
The Financial Times Conference Organisation, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ Tel: 01-925 2323 (24-hour answering service)
Telex: 27347 FT CONF G Fax 01-925 2125

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

JAPAN

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner

CANADA

TORONTO

Closing prices February 26

[illegible]

1 - No voting rights or restricted voting rights.

MONTREAL

Closing prices February 26

[illegible]

Total Sales 4,868,723 shares

OVER-THE-COUNTER *Nasdaq national market, closing prices, February 26*

Continued from Page 33

[illegible]

INDICES

NEW YORK — DOW JONES

	Feb. 26	Feb. 25	Feb. 24	Feb. 23	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
♦Industrials	2023.21	2017.57	2039.95	2039.12	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	90.75	90.80	90.75	90.55	95.51 (9/2/87)	83.26 (19/10/87)	–	–
Transport	826.36	822.66	817.62	819.69	1101.16 (14/8/87)	661.00 (4/12/87)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.61	182.49	184.57	185.34	227.83 (22/1/87)	160.98 (19/10/87)	227.83 (22/1/87)	16.50 (8/4/32)

♦Day's High 2034.81 (2078.08) Low 2005.14 (2006.96)

STANDARD AND POOR'S	Feb. 26	Feb. 25	Feb. 24	Feb. 23	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
Composite ‡	262.46	261.58	264.43	265.02	336.77 (25/8/87)	223.92 (4/12/87)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	302.63	301.61	305.06	305.77	393.17 (25/8/87)	255.43 (4/12/87)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	23.32	23.23	23.54	23.43	32.43 (25/8/87)	20.39 (7/12/87)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	147.70	147.30	148.54	148.75	187.99 (25/8/87)	125.91 (4/12/87)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	284.32	283.29	283.20	282.72	365.01 (13/8/87)	231.90 (4/12/87)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	363.40	363.62	363.34	361.08	455.26 (26/8/87)	291.90 (28/10/87)	455.26 (26/8/87)	54.87 (31/10/72)

	Feb. 19	Feb. 5	Jan. 29	year ago (approx.)
Dow Industrial Div. Yield	3.42	3.63	3.53	3.00

	Feb. 24	Feb. 17	Feb. 10	year ago (approx.)
S & P Industrial div. yield	2.99	3.05	3.15	2.58
S & P P/E ratio	14.92	16.29	15.96	20.82

TRADING ACTIVITY

† Volume (Millions)

	Feb. 26	Feb. 25	Feb. 24
New York	158.060	213.490	212.730
Amex	9.119	13.324	10.007
OTC	112.061	154.008	132.961

NEW YORK	Feb. 26	Feb. 25	Feb. 24
Issues Traded	1,942	1,964	1,975
Rises	804	689	816
Falls	655	802	716
Unchanged	483	473	443
New Highs	9	23	19
New Lows	6	6	6

CANADA

TORONTO	Feb. 26	Feb. 25	Feb. 24	Feb. 23	1987-88 High	1987-88 Low
Metals & Minerals	2572.2	2580.1	2573.0	2590.7	3507.5 (5/10/87)	1988.2 (2/1/87)
Composite	3167.9	3170.2	3159.6	3160.8	4112.9 (13/8/87)	2837.8 (28/10/87)
MONTREAL Portfolio	1596.60	1600.01	1598.46	1594.43	2224.77 (16/7/87)	1435.94 (26/10/87)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Philadel Elec	1,216,700	19⅝	—
FPL Group	7,655,900	31½	+ ⅛
Fed Dept Stores	2,596,000	64⅝	+ 1½
Eastman Kodak	1,900,100	42⅝	+ ⅝
Inco	1,846,700	22⅝	+ ½
Lone Star	1,486,500	31⅛	+ ⅛
Pillsbury	1,391,100	35⅝	+ 2½
IBM	1,308,300	115½	+ 1⅛
Exxon	1,283,400	41¼	– ⅜
Navistar	1,238,500	5½	+ ¼

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed.(u) Unavailable.

	Feb. 26	Feb. 25	Feb. 24	Feb. 23	1987–88 High	1987–88 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1240.9	1244.8	1257.9	1263.2	2305.9 (21/9/87)	1151.0 (11/11/87)
All Mining (1/1/80)	579.1	586.9	608.4	613.8	1462.4 (14/10/87)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	168.72	168.96	170.12	169.27	232.19 (22/9/87)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	4790.1	4621.8	4587.5	4539.3	5412.2 (11/8/87)	3503.8 (18/12/87)
DENMARK						
Copenhagen SE (3/1/83)	190.74	190.33	190.23	190.19	239.76 (27/8/87)	179.60 (20/11/87)
FINLAND						
Unitas General (1975)	580.3	581.0	580.8	580.3	679.1 (15/10/87)	425.2 (5/1/87)
FRANCE						
CAC General (31/12/82)	305.5	305.3	30).8	306.9	460.4 (26/3/87)	251.3 (29/1/88)
Ind. Tendance (31/12/87)	111.2	112.3	110.4	109.7	112.3 (25/2/88)	89.7 (29/1/88)
GERMANY						
FAZ Aktien (31/12/58)	455.51	459.68	451.03	449.83	676.84 (6/1/87)	396.40 (29/1/88)
Commerzbank (1/12/53)	1391.5	1404.9	1379.2	1376.1	2061.1 (17/8/87)	1207.9 (29/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	2383.92	2355.88	2336.0	2329.35	3949.73 (1/10/87)	1894.94 (7/12/87)
ITALY						
Banca Com. Ital. (1972)	491.74	490.15	494.31	485.01	767.34 (30/4/87)	423.91 (9/2/88)
JAPAN **						
Nikkei (16/5/49)	25165.18	25100.66	24968.65	24949.45	26646.43 (14/10/87)	18544.00 (13/1/87)
Tokyo SE New (4/1/68)	2072.03	2071.91	2050.29	2045.92	2258.56 (11/6/87)	1557.46 (13/1/87)
NETHERLANDS						
ANP-CBS General (1970)	230.6	233.5	230.3	230.4	334.1 (14/8/87)	192.2 (10/12/87)
ANP-CBS Industrial (1970)	180.2	181.2	178.5	178.7	280.8 (11/8/87)	147.5 (10/11/87)
NORWAY						
Oslo SE (4/1/83)	363.79	365.19	362.4	365.87	592.04 (21/9/87)	307.48 (10/11/87)
SINGAPORE						
Straits Times Ind. (30/12/66)	888.2	889.1	892.3	894.1	1505.4 (26/8/87)	700.4 (7/12/87)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	1220.0	1238.0	1288.0	2499.0 (3/8/87)	1220.0 (25/2/88)
JSE Industrial (28/9/78)	(u)	1446.0	1452.0	1462.0	2266.0 (16/10/87)	1387.0 (13/2/88)
SPAIN						
Madrid SE (30/12/85)	251.53	251.44	251.44	251.33	325.44 (6/10/87)	201.08 (4/12/87)
SWEDEN						
Jacobson & P. (31/12/56)	2506.1	2496.4	2497.2	2531.1	3267.1 (8/10/87)	2068.6 (10/11/87)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	519.6	523.1	519.2	516.2	729.7 (5/10/87)	450.9 (10/11/87)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	436.3	435.0	434.3	495.9 (27/8/87)	361.3 (2/1/87)

** Saturday February 27 Japan Nikkei 25,284.87. TSE 2,077.84

Base values of all indices are 100 except Brussels SE – 1,000 JSE Gold – 255.7 JSE Industrials 264.3 and Australia. All Ordinary and Metals – 500: (c) Closed.(u) Unavailable.

Closing prices, February 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.7	10	185	22¼	21¾	21¾	−¼
38	21	AFG s	.18	.5	14	6357	32½	31⅞	32⅛	−⅜
27	10½	AGS s			13	1871	15⅞	14⅝	15¾	+⅛
10½	5	AMCA				7	5	5	5	
9⅝	3¼	AM Intl			26	465	4	3⅞	3⅞	−⅛
65½	26¾	AMR			12	2363	39¾	39	39½	+½
12¼	5⅝	ARX s			6	60	7⅞	7⅝	7¾	
73½	40⅛	ASA	3	6.6		232	45⅝	44½	45¼	+⅝
22⅝	9½	AVX			14	119	19⅝	19	16¼	−¼
67	40	AbtLab	1	2.0	18	2207	50¾	49¾	49⅞	−⅝
28	15⅝	Abitibi g				34	18½	18⅝	18⅝	−⅛
16¾	8½	AcmeC .40		3.9		74	10½	10⅜	10⅜	−⅛
10½	5¾	AcmeE .32b		3.9	22	6	8¼	8⅛	8¼	
50	14⅛	AdaEx 3.05e		19.		121	16	15¾	16	+⅛
19½	6⅞	AdamM .24		2.0	10	186	12⅜	12¼	12¼	
24⅛	7½	AMD				2803	12⅛	11⅞	11⅞	−⅛
58¾	29¼	AMD pf	3	8.5		129	35⅝	35¼	35¼	−¼
11⅞	4⅝	Adobe			12	1059	6⅞	6½	6⅞	+⅝
28½	16¾	Adob pf 1.84		11.		190	17	16⅞	16⅞	−⅛
21¾	17½	Adob pf 2.40		12.		50	20½	20½	20½	−⅛
15	6½	Advest .12a		1.7	7	42	7⅜	7¼	7¼	−¼
68¼	43½	AetnLf 2.76		5.9	6	2204	47	46¼	46¾	+½
83½	41	AfilPub .40		.7	9	237	61½	60	60½	−¾
26⅞	13	Ahmans .88		5.5	6	1209	16¼	15⅞	16	
[illegible]										

Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		X Y Z								
85	50	Xerox	3	5.8	11	11597	56⅞	55⅜	56⅞	+⅞
57⅞	52½	Xerox pf5.45		10.		172	53⅞	53⅜	53¾	+⅛
31⅛	18⅛	XTRA	.64	2.1	15	47	30¼	30	30¼	+¼
28¼	18½	XTRA pf1.94		7.3		1	26⅝	26⅝	26⅝	
33⅞	17½	Yorkin			10	38	27¾	27½	27½	
7¼	2¼	Zapata				163	3⅜	3⅛	3⅛	−¼
37	13½	Zayre	.40	1.8	6	9693	23	21⅛	22¼	−⅛
16⅛	8¾	Zemex	.40	4.0	13	15	10⅛	10	10	
33⅝	10	ZenithE				431	17⅛	16¾	17	+⅛
13½	2½	ZenLab				364	2⅞	2¾	2⅞	
24½	13½	ZenNtl	.60	4.6	8	377	17½	17¼	17⅜	+⅛
20⅜	11⅜	Zero	.36	2.4	16	30	15¼	15¼	15¼	−¼
30¾	15	Zurnin s .65		3.0	15	171	23	22⅝	23	+½
10⅝	7⅝	Zweig 1.08e		11.		532	9⅞	9⅝	9⅝	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting 19 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, February 26

OVER-THE-COUNTER

Nasdaq national market, closing prices, February 26

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